

ANNUAL REPORT

2013-2014

VPSC

Victorian Public Sector Commission

The Victorian Government has vested the Victorian Public Sector Commission with functions designed to enhance the performance of the public sector – fostering the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Commission are to:

- strengthen the efficiency, effectiveness and capability of the public sector in order to meet existing and emerging needs and deliver high quality services; and
- maintain and advocate for public sector professionalism and integrity.

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FROM THE VICTORIAN PUBLIC SECTOR COMMISSIONER

The Victorian Public Sector Commission has been in operation for just three months. During that time we have been busy working on a strategic plan that is aligned to the Government's objective of having a professional and capable public sector that is responsive to the community it serves. As part of that process I have been meeting with the Victorian Secretaries Board (of which I am a member) and other public sector leaders throughout Victoria to discuss and progress issues of governance, workforce development and professional standards.

While the Commission is new, much of its work was previously undertaken by the State Services Authority that it replaced on 1 April 2014. This annual report therefore looks back on the achievements of the past, but also more importantly, looks forward to the opportunities that the new organisation brings.

Governance

The *Public Administration Act 2004*, which was revised in 2014, has given department heads a clearer responsibility for guiding and advising on the public entities in their portfolio. The Commission is currently preparing guidance for department heads and public entities to help them best manage their relationship, particularly in relation to public administration and governance. It is also working with the Victorian Government Solicitor's Office to publish *Governance Insights*, a concise newsletter for board chairs, chief executives, department heads, legal counsel, and individuals with key governance and program responsibilities in departments and public entities.

Capability

This year marks the 30th anniversary of the VPS Graduate Recruitment and Development Scheme. Through the scheme, we are making the very best candidates available to employers while also giving graduates a comprehensive introduction to a career in the public sector. The scheme has many strengths. Among them is the opportunity to work in three departments, attend regular training sessions and to join the Graduate Recruit Alumni Society. The scheme also has an Aboriginal Pathway that offers support and mentoring to Aboriginal graduates. In recognition of this, the Institute of Public Administration Australia (IPAA) presented the Commission with a Leadership Award for Indigenous Employment.

Our experience with developing capabilities has been recognised by three lead organisations. Earlier this year, the Victorian Government Purchasing Board asked the Commission to develop a *Procurement Capability Framework*. The Department of State Development, Business and Innovation engaged the Commission to create and pilot an education program for ICT-enabled project board members. The Department of Premier and Cabinet has now asked the Commission to coordinate implementation of key capability priority areas across the Victorian public sector.

Integrity

The Commission works closely with integrity bodies including the Independent Broad-based Anti-corruption Commission (IBAC), the Ombudsman's Office and the Victorian Auditor-General's Office to develop guidance material on managing risks to integrity. These risks can occur in many situations including procurement, managing contracts and recruitment.

The Commission also maintains a Lobbyists Register. From now on the register will include people with prior political affiliations who conduct lobbying activities directly on behalf of their organisation.

Advisory services and reviews

The Commission works with individual public sector organisations to develop practical solutions to current and future challenges. Organisations regularly commission us to lead projects and reviews to assist them to improve the efficiency and effectiveness of their governance arrangements and operating models. This year the Commission helped organisations map internal governance arrangements, oversee business improvement initiatives, assess organisational culture, develop new business models, identify service reform options and examine corporate functions.

The Commission also leads reviews at the request of Government. This year we have been reviewing the residential charge in group homes for people with a disability. We have been meeting with group home residents and their families and advocates throughout Victoria, as well as with group home service providers. We look forward to providing our review report to Government in late 2014.

Public sector data collection and reporting

One of the Commission's functions set out in the *Public Administration Act 2004* is 'to collect and report on whole of government data' as part of its objective 'to strengthen the efficiency, effectiveness and capability of the public sector.' The comprehensive reports and benchmark data the Commission provides to public sector organisations helps them determine the most efficient and effective options for improving the capability of their workforce and its management.

The two biggest collections are the Workforce Data Collection and the People Matter Survey. A total of 1,589 reports were provided to the hundreds of participating public sector organisations in these two collections. These are intended to assist employers understand the composition of their workforce and how their employees perceive the culture and management of the workplace. The reports incorporate extensive benchmark data to assist comparative analysis.

The Commission manages other data collections including graduates, executives, government appointments and lobbyists. It also collects data on the use of the eRecruitment system and the progression outcomes of public servants. High level results from all the Commission's collections are published annually in *The State of the Public Sector in Victoria*.

In closing, I would like to acknowledge the work of the former State Services Authority leadership team and staff. My particular thanks go to the Chair Bruce Hartnett, the Public Sector Standards Commissioners Lynne Williams and Greg Williams, and the acting Chief Executive Officer Pam White PSM. Their work created a strong foundation for the new organisation. I look forward to working with public sector leaders to create a public sector that is effective, high performing and ethical.

Belinda Clark QSO
Commissioner

HIGHLIGHT: CELEBRATING 30 YEARS OF GRADUATE RECRUITMENT

Since its inception in 1983, the Graduate Recruitment and Development Scheme (GRADS) has given the Victorian Public Service (VPS) access to the very best graduates, making it one of the most sought after and longest running government graduate programs in Australia.

For the past three years the GRADS has also included an Aboriginal Pathway. The Australian Institute of Public Administration Australia (IPAA) recognised our work this year with a Leadership Award for Indigenous Employment.

What graduates can expect

Employers, tertiary institutes and graduates all agree that the GRADS gives graduates a comprehensive introduction to a public service career. Over the 12 month program, each graduate has extensive opportunities to learn and develop, particularly because they get to work in three different departments.

The recruitment and selection process is robust and well proven. We look for graduates who can think analytically, communicate well, show initiative, be flexible and accept accountability.

The GRADS is continually evolving. It offers both a generalist stream and specialist streams, such as accounting and finance, economics and law. We introduced an education stream this year and plan to introduce a business and technology stream to support the Victorian Government ICT Strategy next year.

The scope of the learning and development program has also grown. It now includes budget and expenditure review committee processes (involving the Treasurer); presentation skills; report writing; human rights training and, most recently, cultural awareness training.

The GRADS is a significant investment in the future capability of the VPS. This investment reflects the Government's commitment to having an effective, high performing and flexible workforce. The engaging video on the careers website highlights the many rewarding reasons for choosing a career with the Victorian government.

Aboriginal pathway to the GRADS

The Government is also committed to improving the employment prospects of Aboriginal people. One of the ways we are helping to do this is through the Aboriginal Pathway to the GRADS. Now in its third year, the Aboriginal Pathway is based on cultural respect, a case management approach and year-long support through Aboriginal mentorships and access to Aboriginal specific development. The number of applications we receive and the number of Aboriginal graduates recruited has increased each year.

The Aboriginal graduates have developed strong bonds with one another and are supporters of the GRADS:

- Katherine: 'I'll probably always remember that amazing moment when I was offered my position [in the VPS] ... it was a feeling of achievement! Like I was starting a new chapter in my life. Best of all is the community I have grown to be part of. I've made so many Aboriginal friends alongside the huge number of graduates who started alongside us.'
- Hannah: 'The Pathway is really supportive and a great way to start your career in the Victorian Public Service.'
- Robert: 'At every stage of the Pathway process, people provided me with enormous support.'

- Anne: 'The GRADS is such a good opportunity. It's the perfect way to learn new skills and gain on the job experience. The Pathway is fantastic. There's additional support and cultural safety.'
- Elise: 'My favourite part about the program was the chance to build relationships and networks. The opportunity to work closely with three different teams and their networks is unprecedented.'

Celebrating the anniversary

We celebrated the 30th anniversary of the GRADS with a professional networking evening held in partnership with the Graduate Recruit Alumni Society. More than 200 people attended the event including current recruits and alumni from each of the 30 years. Andrew Tongue, Secretary of the Department of Premier and Cabinet, and distinguished alumnus Alison O'Brien, Assistant Government Solicitor, gave their perspectives on the value of the GRADS and how it had added to the success of the VPS in continuing to provide important and critical services to the Victorian government and community.

OUR STRUCTURE

The Victorian Public Sector Commission (the Commission) comprises the Commissioner, leadership team and staff. The Commission sets its annual strategic plan and develops an annual work program for approval by the Premier.

The Commission has four divisions:

- Knowledge Management and Governance
- Public Policy and Organisation Reviews
- Standards and Corporate
- Workforce Planning and Development.

The Victorian Leadership Development Centre (VLDC) reports to a Board made up of the Victorian Public Sector Commissioner, all departmental secretaries and the Chief Commissioner of Police. The VLDC is fully funded by contributions from client bodies and included in the Commission's financial statements.

The organisational chart reflects the Commission's structure as at 30 June 2014.



The membership of the Commission's Audit and Risk Management Committee is outlined on page 58.

HIGHLIGHT: PROCUREMENT CAPABILITY FRAMEWORK

Better decision-making in procurement holds the potential for budget savings across the Victorian Public Service (VPS).

Working with the Victorian Government Purchasing Board (VGPB), the Commission developed a *Procurement Capability Framework* to support the development of better procurement skills across government.

The framework provides a consistent outline of the knowledge, skills and attributes required by VPS procurement practitioners, to ensure government policy objectives are met, including:

- a focus on upfront strategic planning of procurement activities, and embedding procurement in organisational business planning;
- basing procurement decisions on an assessment of complexity and capability; and
- greater supplier engagement, application of alternative paths to market and delivery models to drive value-for-money outcomes.

The framework recognises that each organisation has its own unique procurement profile and as such, can be adapted to the procurement workforce planning needs of each organisation. The framework can also provide a starting point for managers to articulate the capabilities required in procurement roles, and align them more closely with the capabilities required more broadly in the sector.

The Australasian Procurement and Construction Council (APCC) – the peak body with members responsible for procurement, construction and asset policy across Australasian governments - has also endorsed the framework. The APCC notes that the framework helps support its strategic goals of building procurement capability and promoting procurement as a strategic function, critical to government and organisational service delivery.

ABOUT THE VICTORIAN PUBLIC SECTOR COMMISSION

The Victorian Public Sector Commission (the Commission) commenced operation on 1 April 2014, replacing the former State Services Authority (the Authority).

The *Public Administration Act 2004* that establishes the Commission has also maintained the currency of all codes of conduct and standards previously issued by the Public Sector Standards Commissioner. Similarly, all agreements for programs and services administered by the former Authority were unaffected by the transition. As a result this annual report covers the combined work of both organisations. Much of the work commenced by the former Authority has continued in the new Commission. Throughout this report use of the term Commission also refers to the former Authority.

The Commission is building on the important work of the Authority, and providing a refreshed focus to assist with future public sector reform by:

- helping strengthen the capability, efficiency and effectiveness of the public sector; and
- fostering public sector professionalism and integrity.

At the same time, the Commission is continuing to undertake many of the functions of the former Authority, including:

- collecting and analysing whole-of-government data (e.g. the workforce data collections and the People Matter Survey);
- administering key programs (e.g. the Government Sector Executive Remuneration Panel (GSERP), eRecruitment and the Graduate Recruitment and Development Scheme (GRADS));
- undertaking reviews and inquiries at the direction of the Premier, or commissioned work at the request of public sector leaders;
- providing advice and support on issues relevant to public sector administration, governance, service delivery and workforce management and development; and
- performing key regulatory activities (e.g. issuing codes of conduct and maintaining a register of lobbyists).

REVIEWS

The Victorian Public Sector Commission (the Commission) undertakes reviews and projects for Victorian public sector leaders as part of its role to improve the public sector efficiency, effectiveness and capability. The Commission also undertakes inquiries at the direction of the Premier.

In delivering this work, the Commission brings contemporary experience of the challenges and opportunities of the public sector in delivering services to the community. Recommendations are focussed on practical solutions in relation to:

- governance arrangements;
- organisational structure;
- strategy and policy development;
- program design and implementation support;
- compliance and performance monitoring; and
- efficiency and effectiveness of service delivery.

The following abstracts provide a sample of the 16 commissioned reviews and projects that were undertaken by the Commission in 2013–14.

Housing business model

The Victorian government public housing stock provides 80 per cent of the 83,000 dwellings available for social housing. The Director of Housing requested the Commission to describe housing functions and develop an overall housing business model to align with the organisational structure of the Department of Human Services (DHS).

The review identified opportunities to clarify responsibilities for governance, reporting and information flows regarding social housing in the new *One DHS* structure of the department.

This review was completed in September 2013.

Interlock

VicRoads operates an alcohol interlock program for people who are returning to driving after being disqualified for alcohol related offences. The Commission was asked to assist in providing project planning support to implement expansion of the program.

This project was completed in September 2013.

Office of Professional Practice business model

The Office of Professional Practice was established within the Department of Human Services in 2012 to provide best practice leadership, advice and recommendations to deliver positive outcomes for human services clients.

The Commission was asked to assist in developing the Office of Professional Practice's business model and to document its role, scope, boundaries and authority in working with other areas of the department.

This work was completed in December 2013.

Public sector workforce planning

VicRoads' workforce capability building program is underpinned by the TeCaP system (Technical Capability Assessment Program), that facilitates capability assessment and reporting. The Public Accounts and Estimates Committee (PAEC) requested that the Commission consider the potential for wider public sector use of TeCaP.

This review was completed in May 2014.

Relationship between departments and public entities

Public entities in Victoria play an important role in delivering services to the community. The Department of Environment and Primary Industries has asked the Commission to provide guidance to department heads and public entities on how best to manage their relationship, particularly in relation to public administration and governance.

This project is due to be completed in October 2014.

Residential charges in group homes for people with a disability

The Minister for Disability Services and Reform announced in October 2013 that the Commission would be engaged to review residential charges in group homes for people with a disability.

The review is focussed on residential charges as defined in the *Disability Act 2006*, and will take into consideration other fees set by group homes operated by the Department of Human Services and community sector organisations. Community engagement and input has been encouraged through public consultations and submissions.

This review is due to be completed in December 2014.

BEHAVIOURS AND CULTURE

The Victorian Public Sector Commission (the Commission) works collaboratively with integrity bodies and public sector leaders to create work environments in which everyone is treated fairly, decisions are made impartially and behaviour is exemplary.

Fostering integrity

Public sector integrity is at the heart of community trust in government. While personal integrity is important, there is also a need for explicit standards and policies. Employees' actions, and the systems and processes that guide those actions, are often under public scrutiny. People join the public sector all the time. They may also move onto new roles or organisations in the public sector where the nature or level of risk is different from before. It therefore pays for people to regularly think about the risks they face at work and how best to manage them.

Collaborating with other integrity bodies

The Commission is a member of the Prevention and Education Advisory Group, initiated and chaired by the Independent Broad-based Anti-corruption Commission (IBAC). The group provides a valuable platform for the exchange of ideas and information about the policy, education, communication and research that each integrity body undertakes. The group has senior level representation from IBAC, the Local Government Investigations and Compliance Inspectorate, Victorian Auditor-General's Office, Victorian Ombudsman and the Commission.

Ensuring integrity in recruitment

Following a request from the Victorian Ombudsman, the Commission reviewed current Victorian public sector practice against the *Australian Standard for Employment Screening*, guidelines from Privacy Victoria, the Australian Human Rights Commission and Fair Work Australia and the research findings of integrity bodies. The review resulted in a guide and templates being developed to ensure integrity in recruitment. The guide contains information about conducting national police checks and using reference checks effectively. The guide balances the obligation of employers to protect their organisation's resources, staff and clients against applicants' right to privacy and freedom from discrimination. The guide will be published shortly. One of the positive outcomes of the review was the public sector employers' willingness to share their policies, practices and templates with one another on the VPS Hub (the Victorian Government Intranet).

Managing conflicts of interest

The Commission reviewed whether the *Conflict of Interest Policy Framework* provides sufficient guidance to public sector organisations. The review involved consultation with a range of organisations and analysis of *People Matter Survey* results and material developed in other jurisdictions.

As a result of the review, a *Guide for Implementing a Conflict of Interest Policy* has been developed to help organisations assess their risks and implement a policy. The guide, which can be adapted to the needs of individual organisations, has been reviewed by other integrity bodies and will be published on the Commission's website in the coming year.

Anyone working in a public sector organisation may be offered a gift, benefit or hospitality. Such offers can lead to a conflict of interest. The Commission requires that departmental secretaries and heads of special bodies attest in writing that they have complied with the *Gifts, Benefits and Hospitality Policy Framework* and its minimum accountabilities and responsibilities. All did this in 2013. The Commission also provided public sector organisations with advice and guidance on their policies and procedures.

Maintaining a lobbyists register

On 1 November 2013, a number of changes to the *Victorian Government Professional Lobbyist Code of Conduct* came into effect. These changes required the implementation of significant enhancements to the Victorian Lobbyists Register, roll-out of a communications strategy for all affected parties and a special re-registration process for all existing registered lobbyists.

The most significant change was the introduction of the new registration category of 'Government Affairs Director'. This new category requires the registration of people with prior political affiliations who conduct lobbying activities directly on behalf of their organisation. Previous registration requirements only captured 'third party' lobbyists. Additional registration requirements for this group (regarding prior political affiliations and certain success fees) also came into effect on 1 November 2013.

During 2013-2014, the number of 'third party' lobbyist companies registered increased from 114 to 122. The number of registered 'Government Affairs Directors' at that date was 37.

Monitoring and improving

The Commission investigates, monitors and reports on application of the public sector values and employment principles.

Strengthening organisational culture

A Victorian public sector organisation asked the Commission to help them understand and strengthen their organisational culture. The work involved developing a survey and conducting focus groups to test the extent to which there was agreement between what staff valued in their work and what was needed to maintain strong performance. The Commission found that there was an alignment of values, but that different groups of staff felt disconnected from other groups.

Based on these findings, the Commission worked with senior leaders, managers and staff to identify a series of simple actions that could be implemented to build on the existing cultural strengths so that the organisation could maintain its good reputation and strong performance in service delivery.

Using external investigators to handle complaints

The *Guide for Using External Investigators to Handle Complaints* was written for chief executives and senior staff in small public sector organisations. The guide offers advice on which situations are best suited to engaging external investigators and how to get the most from their work by making sure an investigation provides the information needed to help decision-making.

The guide was developed in conjunction with public sector organisations and will be published shortly.

Reviewing complaints

The Commission may conduct reviews in relation to employee grievance ('review of actions') processes conducted by public service bodies. This is a quality assurance role in respect of relevant provisions in the *Public Administration Act 2004* and related regulations. In response to complaints, the Commission may also 'require information' from public sector body heads about application of the public sector values, employment principles, codes of conduct and standards.

The Commission received 86 informal queries and a further 25 written complaints in the reporting period. As a result, eight matters were progressed under the 'require information' provisions and a further 13 were dealt with as reviews under the 'review of actions' regulations. The remaining four complaints did not progress either because the complainant decided not to pursue the matter or the Commission did not have jurisdiction to deal with the complaint.

WORKFORCE

Workforce planning is about having enough people with the right skills to meet organisational performance demands. The Victorian Public Sector Commission (the Commission) undertakes a wide range of work in the area of workforce planning and development. This work assists public sector leaders in targeting their business and human resource activities so they can continue to provide high quality service, despite changes in the external labour market and in the nature of the services required.

Recruiting the best applicants

Getting the best staff in a competitive labour market starts with a strong attraction and recruitment campaign. The Commission offers a range of services to attract the best.

Recruitment services

The Commission is responsible for managing the eRecruitment contract on behalf of the Victorian Government.

The eRecruitment system provides public sector organisations with the ability to manage an end-to-end recruitment and selection process online, and a set of tools to obtain metrics on recruitment activity and processes. The system also provides applicants with the capacity to manage their records and be kept informed throughout the recruitment and selection process.

In 2013-2014, the eRecruitment system handled 196,888 job applications (28,108 nominated as current employees). These applications were received for 4,994 job advertisements (for 13,163 roles), across 79 public sector organisations.

Graduate Recruitment and Development Scheme

Now in its 31st year of operation, the Graduate Recruitment and Development Scheme (GRADS) attracted 2,076 applications for 90 positions in 2014. This includes seven positions filled through the Aboriginal Pathway. Read more about GRADS in the highlight on page 4.

Offering the benefits of a private health insurance scheme

The Commission, on behalf of the Victorian Government, is responsible for managing a scheme that delivers discounted private health insurance products and services to employees in the Victorian public sector.

Since the current contract commenced in 2010, it has attracted over 8,917 members from across the public sector. The total benefits paid to employees exceed \$37.5 million for the same period.

Developing leaders

Recruitment is just the beginning. Public sector organisations also want to keep high performing staff engaged in their work and developing the skills they need to prepare them for future roles.

Victorian Leadership Development Centre

The Victorian Leadership Development Centre (VLDC) offers talent management, succession management and leadership development services to Victorian public sector executives.

The VLDC has four flagship programs:

- executive leadership program (ELP) aimed at high potential EO2 and experienced EO3 leaders;
- senior executive leadership program (SELP) aimed at high potential deputy secretaries and chief executives;
- secretary learning series aimed at all departmental Secretaries, the Chief Commissioner of Police and the Victorian Public Sector Commissioner; and
- regional leadership forums aimed at regional general managers and directors, public sector executives, school principals, and police inspectors, superintendents and senior sergeants.

The development of senior leaders in the Victorian Public Service (VPS) is a collaborative exercise between departments, reflecting the importance that the Secretaries, Chief Commissioner of Police and Victorian Public Sector Commissioner place on building the capability of the next generation of leaders. To meet the future challenges for leaders across the VPS the VLDC Board revised the VPS leadership framework in 2013-2014. This work directly complements the broader capability strategy launched for all staff to ensure the public sector is future-ready.

As part of this strategy, the VLDC has extended the breadth and depth of its reach into the leadership ranks of the broader public sector. The VLDC launched a series of regional leadership forums, bringing together a mix of public servants and public sector staff including police, principals and corrections staff. The VLDC also ran its first regional executive conference facilitated by VLDC program participants for their colleagues in the regions. Based on the success of these activities, the Board endorsed a plan to extend the VLDC presence in a further two regions in 2014-2015.

In addition to these new initiatives the VLDC has continued the delivery of its core programs, running the third senior executive leadership program, and the sixth executive leadership program. These programs continue to have significant impact across the VPS, with nearly half of program participants promoted to more senior roles, and managers and participants highlighting significant on-the-job improvements in the skills and impact of participants. In addition the ELP events consistently achieved very positive evaluations, far beyond the targeted 85 per cent level satisfaction established as a baseline. The VLDC hosted over 38 events this year attended by 729 participants, a 12 per cent increase in attendance from 2012-2013. Evaluation from all these offerings continues to show the significant impact these events have in building and promoting a sustainable, highly skilled, diverse and professional leadership capability.

Given the importance of breadth of experience in preparing participants for more senior roles, the VLDC has enhanced its work with the Board, the broader HR community, and executive search firms to promote VPS vacancies to participants and the VLDC alumni. The VLDC promoted almost 250 executive roles in 2013-2014 from a range of departments and public sector organisations.

ICT governance education program

The *Victorian Government ICT Strategy 2013-2014* identified a need to 'establish an education program for ICT-enabled project sponsors and business executives' (action 29). The Department of State Development, Business and Innovation asked the Victorian Public Sector Commission (the Commission) to establish the program by conducting four pilots during 2014.

The Commission set four objectives for the program:

- 1 promote awareness of the ICT strategy and contribute to the adoption of the practices within it;
- 2 embed ICT governance as a normal part of a successful Victorian public sector executives' suite of practices and accountabilities;
- 3 inform and help make participants to be confident decision-makers on matters relevant to ICT-enabled project/program governance; and
- 4 provide a forum for sharing lessons learnt about ICT-enabled project/program governance.

The Commission conducted two pilots in the first half of 2013, with a further two scheduled for the second half of 2014.

Other leadership programs

The Commission assists with promoting and coordinating the Victorian public sector's participation in two programs offered by the Australia and New Zealand School of Government (ANZSOG). In 2013, there were 24 enrolments for the ANZSOG Executive Master of Public Administration (EMPA) and 20 participants in the Executive Fellows Program (EFP).

In addition, the Colloquium for Future Victorian Public Sector Leaders is a six-day intensive course conducted four times a year in partnership with the Cranlana Programme. In 2013 it attracted 63 participants.

The Commission continues to represent Victoria on the national board of the Public Sector Management (PSM) Program and has been working on its redevelopment. The Commission also represents Victoria on the workforce development reference group for Government Skills Australia.

Defining the requisite skills

Understanding the skills required to perform effectively in an organisation helps employers to address any potential skill gaps and to organise work to capitalise on the skills of current staff. In the coming year the Commission will be coordinating implementation of key capability priority areas across the Victorian public sector.

Procurement capability framework

Working with the Victorian Government Purchasing Board (VGPB), the Commission developed a *Procurement Capability Framework* to support the development of better procurement skills across government. Read more about the framework in the highlight on page 7.

Realigning a department's workforce to new ways of working

A department asked the Commission to advise on how a particular division's workforce might be organised to work more effectively.

After consulting with the division, the Commission developed a set of recommendations. These would help redefine and prioritise the work which in turn would provide the basis for determining the skills and relationships that the division's workforce needed to create.

DATA COLLECTIONS

Each year the Victorian Public Sector Commission (the Commission) collects a large amount of data, primarily about public sector employees (through various annual data collection programs). Using this data, the Commission publishes *The State of the Public Sector in Victoria*; generates reports for public sector employers; and provides advice to Government on the profile and culture of the public sector. This work supports the Commission's goal of continually improving service delivery standards, governance and workforce development in the public sector.

Workforce data collection

The Workforce Data Collection is an annual census of employment and demographic information of all employees in the Victorian public sector. It is one of two major data collections undertaken by the Commission each year.

In 2013, the Commission collected approximately 331,000 individual records (approximately 281,000 active records plus data on employee separations) on a range of demographic and workforce items from 218 public sector organisations.

A further 52 small organisations (those employing less than 50 staff) supplied aggregate-level employee data (1,508 staff). Additionally, the Department of Education and Early Childhood Development supplied limited employee data on school councils (3,500 staff).

Following the collection, the Commission presented 234 tailored reports to individual organisations. These reports summarise workforce employment and demographic results (including age, gender, tenure and employment type; salary and leave; separations and new-starters) for each organisation.

People Matter Survey

The People Matter Survey is the second major data collection undertaken each year by the Commission. The survey measures Victorian public sector employees' perceptions about how well the public sector values and employment principles are applied in their workplace. The survey also gathers information on a broad range of other people management issues such as job satisfaction, employee commitment and workplace wellbeing. Employees may complete either a web or paper-based questionnaire.

Public sector organisations participating in the 2013 People Matter Survey received a total of 1,355 detailed reports. In addition, the Commission reported on the survey results for the public sector as a whole in *The State of the Public Sector in Victoria*.

The Commission conducted the 2014 People Matter Survey between March and June 2014. Approximately 160,000 employees from 176 organisations (including 18 community health services, three public residential aged care services and the Cancer Council of Victoria) were invited to participate. Almost 52,000 employees (or 32 per cent) completed the survey.

Tourism Victoria identified the People Matter Survey as being suitable to monitor 'organisational pulse'. It asked the Commission to run an abridged version of the survey every six months. Similarly, the ACT Government asked the Commission to customise and run the People Matter Survey for its public service workforce. Over 21,000 employees were invited to participate, with approximately 6,300 responding.

Other collections

The Commission collects data on groups such as graduates, executives, government appointments and lobbyists. It also collects data on the use of the eRecruitment system and the progression outcomes of public servants.

HIGHLIGHT: GOVERNANCE INSIGHTS

The *Governance Insights* newsletter was launched in March 2014 to provide the Victorian public sector with concise and relevant information on governance, compliance and public administration issues.

The newsletter is a joint initiative of the Victorian Public Sector Commission (the Commission) and the Victorian Government Solicitor's Office (VGSO).

Governance Insights fills a gap in the information sent to the public sector on key issues affecting good governance practice. It will be of interest to board chairs, chief executives, departmental secretaries, legal counsel, and individuals with key governance and program responsibilities in departments and public entities. The Commission plans to publish the newsletter three or four times a year.

The first edition of *Governance Insights* discussed the minimum governance requirements for public sector boards and directors outlined in the *Public Administration Act 2004*, and their practical impact on the work of directors.

Significant work was undertaken in June for the second edition of *Governance Insights* which will be published in July 2014. The second edition will discuss the key reforms in Victorian public sector governance following amendment to the Act on 1 April 2014.

Governance Insights allows the Commission to meet its objectives: to strengthen the efficiency, effectiveness and capability of the public sector in order to meet existing and emerging needs and deliver high quality services, and also to maintain and advocate for public sector professionalism and integrity.

Governance Insights is published on the Commission's website: www.vpsc.vic.gov.au.

STAKEHOLDER ENGAGEMENT

The Victorian Public Sector Commission (the Commission) has a number of strategies for promoting its products and publications, helping to extend the reach of its work, and fulfilling its key functions.

On-demand presentations, workshops and forums

During 2013-2014, the Commission delivered or sponsored 81 presentations, workshops and forums. The Commission continued to deliver a range of presentations to Victorian public sector organisations. These presentations related to the Commission's work, publications, major projects, knowledge sharing, and the delivery of best practice advice. The most popular presentations related to governance (16), workplace culture (7) and managing change (6).

In addition, the Commission provided detailed advice to the boards and executives of 24 public sector organisations about how to interpret and then respond constructively to their *People Matter Survey* results.

The Commission sponsored four master class workshops for up to 30 operational managers in Ambulance Victoria, Department of Justice, Department of Human Services and Victoria Police. The workshops were facilitated by Bill Eddy the US founder of the High Conflict Institute.

In partnership with the Australia and New Zealand School of Government (ANZSOG), the Commission held 14 applied learning seminars on topical issues with distinguished guest speakers and local experts. More than 200 public sector employees attended each of these highly regarded seminars.

In February 2014, the Commission hosted a forum for Victorian public sector recruiters: *Emerging HR trends and eRecruitment*. The half day forum featured a presentation on the latest trends in eRecruitment from the US Society for Human Resource Management (SHRM) conference, the world's largest annual HR conference; and a best practice eRecruitment session focusing on end-to-end recruitment using Springboard, the eRecruitment platform used by the Victorian public sector.

The Commission has managed the eRecruitment contract on behalf of the Victorian Government since 2005, and currently supports over 80 public sector organisations to improve their recruitment processes using Springboard.

Conferences

Commission staff were guest speakers at 11 conferences. These included the September 2013 *Corrupt Conduct and Investigation Symposium* held by the Institute of Public Administration Australia (IPAA), sponsored by the Independent Broad-based Anti-corruption Commission (IBAC) and involving all the key Victorian integrity bodies. Other conferences were held by the Australian School of Applied Management, the Institute of Chartered Accountants in Australia, the Governance Institute of Australia, the Victorian Managed Insurance Authority (VMIA) and the Victorian TAFE Association.

International delegations

The Commission received five delegations in total from China, Vietnam, Brazil and Brunei in 2013-2014. Presentations to these delegations focussed on topics such as Victorian public sector culture, devolved service delivery models, governance and performance management.

VPS Hub

The Commission convenes a number of groups on the VPS Hub (the Victorian Government Intranet). The Commission does this to help interested employees connect and share information on a range of topics, including:

- positive work environments;
- ethics at work;
- recruitment screening;
- graduate recruitment and development; and
- eRecruitment.

Government Sector Executive Remuneration Panel

Government policy on executive remuneration applies to all government business enterprises and statutory authorities; the only exception is where executives are employed under the specific provisions of the *Public Administration Act 2004*.

The Government Sector Executive Remuneration Panel (GSERP) supervises the Government's policy on executive remuneration for public entities in the broader Victorian public sector. The panel's operations cover approximately 240 public sector organisations.

The Victorian Public Sector Commissioner is also the Chair of GSERP, with consultancy and operational support provided by the employees of the Commission. The Commissioner may consult the respective portfolio departmental secretary on public entity executive remuneration matters as required.

GSERP provides executive employment and remuneration advice, information and support to the chairs and boards of public entities, chief executive officers and departmental secretaries.

Permission to use the Commission's intellectual property

The following table shows the organisations that sought (and received) approval during the reporting period to adapt Commission publications and products for their own use. These include public sector organisations throughout Australia and overseas.

Commission's Products	Organisations granted permission to adapt the Commission's products
Best Practice Recruitment and Selection	<ul style="list-style-type: none"> • Department of the Attorney-General and Justice, Northern Territory • Unnati, India
Ethics Framework	<ul style="list-style-type: none"> • Inner East Melbourne Medicare Local
Ethics Resource Kit	<ul style="list-style-type: none"> • Kingston City Council • Womersley Environmental Management, Queensland
Great Manager, Great Results	<ul style="list-style-type: none"> • Department of Environment, Water and Natural Resources, South Australia
How Positive is your Work Environment?	<ul style="list-style-type: none"> • Department of Environment, Water and Natural Resources, South Australia
Managing Poor Behaviour in the Workplace	<ul style="list-style-type: none"> • ACT Public Service, Australian Capital Territory
Succession Risk Management Toolkit	<ul style="list-style-type: none"> • ACT Government Directorate, Territory and Municipal Services
Tackling Bullying	<ul style="list-style-type: none"> • Charles Sturt University, New South Wales
Talking Performance	<ul style="list-style-type: none"> • Bayside City Council • DeakinPrime • Department of Agriculture, Fisheries and Forestry, Queensland
Welcome to Management	<ul style="list-style-type: none"> • Department of Environment, Water and Natural Resources, South Australia

VICTORIAN PUBLIC SECTOR COMMISSION WORK PROGRAM 2013-2014

Section 73 of the *Public Administration Act 2004* requires the Victorian Public Sector Commission (the Commission) to submit to the Premier for approval a draft annual plan describing its proposed work program for the forthcoming financial year. The Commission at any time during the financial year may with the approval of the Premier, amend its approved annual plan. The annual work program outlined here is for the financial year ending 30 June 2014.

Final report to the Premier: 30 June 2014

Public Administration	Report date/outcomes
ANZSOG Applied Learning Partnership	Ongoing programs of events and occasional papers
Listing of Employer Public Sector Bodies	Updates (ongoing)
The State of the Public Sector in Victoria 2012-2013	Annual report to the Premier (and Parliament)
Reviews	Report data/outcomes
Review of the Housing Business Model	Report to the Director of Housing in September 2013
Review of Interlock	Report to the VicRoads in September 2013
Review of the Office of Professional Practice Business Model	Report to the Department of Human Services in December 2013
Review of Public Sector Workforce Planning	Report to the Public Accounts and Estimates Committee in May 2014
Review of the Relationship between Departments and Public Entities	Report to the Department of Environment and Primary Industries is due in October 2014
Review of Residential Charges in Group Homes for People with a Disability	Report to the Minister for Disability Services and Reform is due in December 2014
Research papers and toolkits	Target audience
Governance Insights	Victorian public sector
Integrity in the Workplace	Victorian public sector
Recruiting People with Disabilities	Victorian public sector
Responding to your People Matter Survey Results	Victorian public sector leaders
VPS Procurement Capability Framework	Victorian public sector

(Continued)

Service delivered	Delivered to
ICT Governance Education Program	Department of State Development, Business and Innovation
People Matter Survey (PMS) <ul style="list-style-type: none"> - PMS 2013 organisational reports - Undertook PMS 2014 - Tourism Victoria biannual abridged PMS - ACT Government PMS 	Victorian public sector Tourism Victoria ACT Commissioner for Public Administration
Workforce Data Collection <ul style="list-style-type: none"> - Undertook 2013 collection - Organisational reports 	Victorian public sector
Data collection and reporting on executive employment in the public service and public sector	Victorian public sector
Government Appointments and Public Entities Database (and www.publicboards.vic.gov.au)	Victorian public sector
Victorian Government Lobbyist Register	Victorian community
eRecruitment	Victorian public sector
Private Health Insurance Scheme for Victorian Public Sector Employees	Victorian public sector
Victorian Leadership Development Centre	Victorian Public Service
Graduate Recruitment and Development Scheme	Victorian Public Service

PUBLICATIONS LIST

The publications produced by the Victorian Public Sector Commission (the Commission) reflect its commitment to promoting best practice in the public sector and conducting its roles under the *Public Administration Act 2004*. The Commission published the publications listed here in 2013-2014. A complete list of all publications is available on the Commission's website. Publications may be downloaded in PDF format from the website.

	Publication	Description	
Guides and information sheets	<i>Employer Public Sector Bodies</i>	This table provides a listing of organisations that are employers of Victorian public sector staff.	
	<i>Recruiting People with Disabilities</i>	This guide describes best practice in employing people with a disability.	
	<i>Responding to your People Matter Survey Results</i>	This guide facilitates a better understanding and response to results from the People Matter Survey.	
	<i>VPS Procurement Capability Framework</i>	This framework can assist workforce planning, recruitment, and learning and development activities associated with procurement skills.	

(Continued)

<p>Reports and research papers</p>	<p><i>Annual Report 2012-2013</i></p>	<p>This is the annual report to Parliament on the operations of the former State Services Authority.</p>	
	<p><i>Integrity in the Workplace</i></p>	<p>This paper identifies organisation culture and other characteristics that explain integrity in Victorian public sector workplaces.</p>	
	<p><i>Public Sector Workforce Planning</i></p>	<p>This report assesses the potential for wider use of the VicRoads Technical Capability Assessment Program (TeCaP) in the public sector.</p>	
	<p><i>The State of the Public Sector in Victoria 2012-13</i></p>	<p>This report contains comprehensive information on the composition, workforce and activities of the Victorian public sector.</p>	

VICTORIAN PUBLIC SECTOR COMMISSION
(INCORPORATING STATE SERVICES
AUTHORITY) FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Comprehensive operating statement

For the year ended 30 June 2014

	Notes	2014 * \$	2013 ** \$
Income from transactions			
Grants	2	8,255,682	10,038,485
Provision of services	2	2,904,772	1,597,340
Total income from transactions		11,160,454	11,635,825
Expenses from transactions			
Employee benefits	3	6,471,946	6,781,638
Depreciation	3	175,517	174,928
Finance lease interest	1(f)	3,411	4,624
Resources provided free of charge	1(f)	-	520
Capital asset charge	1(f)	66,987	67,000
Supplies and services	3	3,883,714	5,140,954
Total expenses from transactions		10,601,575	12,169,664
Net result from transactions		558,879	(533,839)
Other economic flows included in net result			
Net gain/(loss) on disposal of property, plant and equipment		(1,949)	(12,311)
Net gain/(loss) arising from revaluation of leave liabilities		(1,230)	14,040
Total other economic flows included in net result		(3,179)	1,729
Net result		555,700	(532,110)
Comprehensive result		555,700	(532,110)

* consolidating Victorian Public Sector Commission (1 April to 30 June 2014) and State Services Authority (1 July 2013 to 31 March 2014) – see note 1(c)

** State Services Authority

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2014

	Notes	2014 * \$	2013 ** \$
Assets			
Financial assets			
Cash on hand		600	600
Receivables	4	4,849,163	4,377,091
Total financial assets		4,849,763	4,377,691
Non-financial assets			
Prepayments		37,829	35,645
Property, plant and equipment	5	341,796	476,928
Intangible assets	6	279,852	335,822
Total non-financial assets		659,477	848,395
Total assets		5,509,240	5,226,086
Liabilities			
Creditors and accruals		170,867	257,029
Provisions	7	1,646,072	1,805,061
Unearned income		122,059	117,992
Borrowings	8	51,655	83,117
Total liabilities		1,990,653	2,263,199
Net assets		3,518,587	2,962,887
Equity			
Contributed capital		3,481,626	11,318
Accumulated surplus		36,961	2,951,569
Total equity		3,518,587	2,962,887

* consolidating Victorian Public Sector Commission (1 April to 30 June 2014) and State Services Authority (1 July 2013 to 31 March 2014) – see note 1(c)

** State Services Authority

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2014

	Notes	Contributed capital \$	Accumulated surplus \$	Total \$
Balance at 1 July 2012		11,318	3,483,679	3,494,997
Net result for the year			(532,110)	(532,110)
Balance at 30 June 2013 **		11,318	2,951,569	2,962,887
Net result for the year				
- State Services Authority (1 July 2013 to 31 March 2014)	19		518,739	518,739
- Victorian Public Sector Commission (1 April 2014 to 30 June 2014)			36,961	36,961
Accumulated surplus at 31 March 2014 transferred to contributed capital		3,470,308	(3,470,308)	-
Balance at 30 June 2014 *		3,481,626	36,961	3,518,587

* consolidating Victorian Public Sector Commission (1 April to 30 June 2014) and State Services Authority (1 July 2013 to 31 March 2014) – see note 1(c)

** State Services Authority

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash flow statement

For the year ended 30 June 2014

	Notes	2014 * \$	2013 ** \$
Cash flows from operating activities			
Receipts from government		11,025,117	12,720,547
Payments to suppliers and employees		(10,936,892)	(12,542,544)
Capital asset charge paid		(66,987)	(67,000)
Interest paid		(3,411)	(4,624)
Net cash flows from operating activities	16	17,827	106,379
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		13,636	12,091
Payments for property, plant and equipment		-	(90,908)
Net cash flows from/(used in) investing activities		13,636	(78,817)
Cash flows from financing activities			
Repayment of finance leases		(31,463)	(27,562)
Net cash flows used in financing activities		(31,463)	(27,562)
Net increase in cash held		-	-
Cash at the start of the year		600	600
Cash at the end of the year		600	600
Non-cash financing and investing activities	17		

* consolidating Victorian Public Sector Commission (1 April to 30 June 2014) and State Services Authority (1 July 2013 to 31 March 2014) – see note 1(c)

** State Services Authority

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to financial statements

30 June 2014

Note 1. Summary of significant accounting policies

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards including Interpretations (AASs), issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where relevant, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(b) Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The financial statements are presented in Australian dollars and have been prepared in accordance with the historical cost convention, except where noted.

Consistent with AASB 13 *Fair Value Measurement*, the Commission determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Commission has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Commission determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The accounting policies set out below have been applied in preparing the financial statements.

(c) Reporting entity

The Victorian Public Sector Commission (the Commission) was established on 1 April 2014 through an amendment to the *Public Administration Act 2004* (the Act). The Commission replaced the State Services Authority which was abolished pursuant to clause 3 of Schedule 3 of the Act. In accordance with clause 16 of Schedule 3 of the Act, the Commission has prepared its first annual report for the year ended 30 June 2014 consolidating the financial operations of the State Services Authority for the period 1 July 2013 to 31 March 2014.

The financial statements include all the controlled activities of the Commission. This includes the transactions and balances of the following controlled trust accounts:

Controlled Trust	Act	Purpose
Departmental Suspense Account	<i>Financial Management Act 1994</i>	To hold moneys transferred from Departmental suspense accounts pending distribution.
Treasury Trust	<i>Financial Management Act 1994</i>	To record the receipt and disbursement of unclaimed and unidentified monies and other funds held in trust.

The Commission's principal address is:
3 Treasury Place,
Melbourne Victoria 3002

Administered resources

The Commission administers, but does not control, certain resources on behalf of the Victorian Government. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for the achievement of its objectives.

Accordingly, transactions and balances relating to these administered resources are not recognised as revenues, expenses, assets or liabilities within the body of the financial statements, but are disclosed separately (see note 18). Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted in these financial statements.

Objectives and funding

The Commission's objectives are to:

- Strengthen the efficiency, effectiveness and capability of the public sector in order to meet existing and emerging needs and deliver high quality services; and
- Maintain, and advocate for, public sector professionalism and integrity.

The Commission is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. These appropriations are received by the Department of Premier and Cabinet and on-forwarded to the Commission in the form of grants.

(d) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being "net result from transactions", "other economic flows included in net result", and "other economic flows – other

comprehensive income". The sum of the first two represents the net result, which is equivalent to profit or loss derived in accordance with AASs. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets. Current and non-current assets and liabilities are disclosed in the notes, where relevant. Non-current assets or liabilities are those expected to be recovered or settled more than 12 months after the reporting period.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the year to the closing balance at the end of the year. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows - other comprehensive income' related to transactions with the owner in its capacity as owner.

Cash flow statement

Cash flows are classified according to whether they arise from operating, investing or financing activities. This classification is consistent with requirements of AASB 107 *Statement of Cash Flows*.

(e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Commission and the income can be reliably measured.

Grants

Income from grants (other than contributions by owners) is recognised when the Commission obtains control over the contribution. Where grants are reciprocal (i.e. equal value is given by the Commission to the provider), the Commission is deemed to have assumed control when it has satisfied its performance obligations under the terms of the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable.

Provision of services

Income from the provision of services is recognised as the services are provided or by reference to the stage of completion of the contract, when:

- the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Commission.

Income received in advance of services being provided is recognised in the balance sheet as unearned income.

(f) Expenses from transactions

Employee benefits

Employee benefits comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums. Superannuation expenses represent the employer contributions for members of both defined benefit and defined contributions superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance centrally recognises, on behalf of the State as the sponsoring employer, the defined benefit liability or surplus of most Victorian government employees in such funds.

Depreciation of property, plant and equipment

All plant and equipment and other non-current physical assets (excluding items under operating leases and assets held-for-sale) that have finite useful lives are depreciated. Depreciation is calculated on a straight line basis at rates that allocate the asset's value, less any estimated residual value, over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the years ended 30 June 2014 and 30 June 2013 are as follows:

Building fitouts	10 years
Computer equipment	4 years
Furniture and fittings	5 years
Motor vehicles under finance lease	2-3 years
Intangible produced assets	2-7 years

Depreciation of intangible assets

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a straight-line basis over the asset's useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Finance lease interest

Finance lease interest charges are recognised as expenses in the period in which they are incurred.

Resources provided free of charge

Resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of any restrictions or conditions imposed over their use, except that transfers to another government department or agency as a consequence of a restructuring of administrative arrangements are recognised at carrying value.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the budgeted carrying amount of applicable non-current physical assets (excluding leased motor vehicles).

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(g) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. They include net gains and losses on financial and non-financial assets and liabilities and other gains and losses from other economic flows.

Net gains and losses on non-financial assets and liabilities include realised and unrealised gains and losses from impairments, and disposals of all physical assets and intangible assets. Net gains and losses on financial instruments include impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets. Other gains and losses from other economic flows include the transfer of amounts from reserves and accumulated surplus to net result due to reclassification, and from the revaluation of the present value of the long service leave liability due to changes in bond interest rates.

Disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the disposal proceeds the carrying value of the asset at that time.

Impairment of non-financial assets

All non-current physical assets and intangible assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Impairment of financial assets

The Commission assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful debts and bad debts not written off by mutual consent are adjusted as other economic flows.

(h) Financial assets

The financial assets held by the Commission include cash and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Commission assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services; and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables that are contractual are classified as financial instruments. Statutory receivables are recognised and measured on the same basis as contractual receivables (except for impairment) but are not classified as financial instruments as they do not arise from a contract.

Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

(i) Non-financial assets

Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Property, plant and equipment

Property, plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non-financial physical assets under a finance lease (refer note 1(k)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are measured at cost less accumulated depreciation and impairment. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Commission.

(j) Liabilities

Creditors and accruals

Creditors and accruals represent liabilities for goods and services provided to the Commission that are unpaid at the end of the financial year. Creditors and accruals are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Commission has a present obligation where the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Commission in respect of services provided by employees up to reporting date. The liability is classified as a current liability where the Commission does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The long service leave liability is classified as non-current where the Commission has an unconditional right to defer the settlement of the entitlement until the employee has completed the required years of service.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are recognised as assets and liabilities of the Commission at amounts equal to the fair value of the lease property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the lease liability and periodic finance charges which are calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(l) Goods and services tax (GST)

Income, expenses and assets (excluding receivables) are recognised net of GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(m) Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions are also designated as contributed capital. Transfers of net assets or liabilities arising from administrative restructurings are treated as distributions to or contributions by owners.

(n) Commitments

Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed in note 10 at their nominal value and inclusive of the GST payable.

(o) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(p) Changes in accounting policies

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Commission is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Commission has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Commission has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Commission. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided.

AASB 119 Employee Benefits

In 2013-14, the Commission has applied AASB 119 *Employee Benefits* (Sept 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, this change will have limited impact on the Commission.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Commission as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

Comparative amounts for 2012-13 and the related amounts as at 1 July 2012 have been restated in accordance with the relevant transitional provisions set out in AASB 119. The impact is as follows:

			2013
Impact on comprehensive result			\$
Increase in employee benefits			1,700
	As previously reported	AASB 119 adjustments	Restated
Impact on liabilities and equity	\$	\$	\$
As at 1 July 2012			
Current employee benefit provision - annual leave	472,706	(20,615)	452,091
Accumulated surplus	3,463,064	20,615	3,483,679
As at 30 June 2013			
Current employee benefit provision - annual leave	429,855	(18,915)	410,940
Accumulated surplus	2,932,654	18,915	2,951,569

(q) New Accounting Standards and Interpretations

As at 30 June 2014, the following standards and interpretations (applicable to the Commission) had been issued but were not mandatory for the 30 June 2014 reporting period. The Commission has not adopted, and does not intend to adopt, these standards early.

AASB 9 Financial Instruments. This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*). Applicable for annual reporting periods beginning on 1 Jan 2017. Preliminary assessment has identified that the financial impact of available for sale assets will now be reported through other comprehensive income and no longer recycled to profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 10 Consolidated Financial Statements. This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an *Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities* that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 11 Joint Arrangements. This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 12 Disclosure of Interests in Other Entities. This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 *Separate Financial Statements* and AASB 131 *Interests in Joint Ventures*. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.

AASB 127 Separate Financial Statements. This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Current assessment indicates that there is limited impact on Victorian public sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 128 Investments in Associates and Joint Ventures. This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Current assessment indicates that there is limited impact on Victorian public sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

Note 2. Income from transactions

	2014	2013
	\$	\$
Grants		
Grants from Department of Premier and Cabinet	6,967,513	9,397,780
Other grants from Victorian Government agencies	1,288,169	640,705
Total grants	8,255,682	10,038,485
Provision of services		
Training for Departmental Graduate Recruitment Scheme	1,291,421	1,189,278
Other services	1,613,351	408,062
Total provision of services	2,904,772	1,597,340

Note 3. Expenses from transactions

	2014 \$	2013 \$
Expenses from transactions includes:		
Employee benefits		
Salaries and wages	5,085,495	5,325,285
Superannuation		
- Defined contribution plans	348,480	386,375
- Defined benefits expense	137,489	134,218
Annual and long service leave expense	536,633	577,259
On-costs	363,849	358,501
Total employee benefits	6,471,946	6,781,638
Depreciation		
Building fitouts	94,225	75,005
Office and computer equipment	9,864	25,663
Motor vehicles under finance lease	15,458	18,289
Intangible assets	55,970	55,971
Total depreciation	175,517	174,928
Supplies and services		
Purchase of services	2,097,004	2,727,578
Rent and outgoings	434,893	552,960
Other	1,351,817	1,860,416
Total supplies and Services	3,883,714	5,140,954

Note 4. Receivables

Current:

Contractual

Debtors	828,502	333,376
	828,502	333,376

Statutory

Amounts receivable from government departments	3,851,329	3,854,265
GST recoverable	-	19,333
	3,851,329	3,873,598

Total current receivables

	4,679,831	4,206,974
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Non-current:

Statutory

Amounts receivable from government departments	169,332	170,117
Total non-current receivables	169,332	170,117

Total receivables

	4,849,163	4,377,091
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Note 5. Property, plant and equipment

	2014 \$	2013 \$
Building fitouts - at fair value	943,790	943,790
Less: accumulated depreciation	(662,914)	(568,689)
	280,876	375,101
Office and computer equipment – at fair value	87,397	94,245
Less: accumulated depreciation	(77,254)	(74,238)
	10,143	20,007
Motor vehicles under finance lease	82,224	104,730
Less: accumulated depreciation	(31,447)	(22,910)
	50,777	81,820
Total property, plant and equipment	341,796	476,928

Reconciliation of carrying amounts

Building fitouts

Carrying amount at start of the year	375,101	382,183
Additions	-	90,910
Disposals	-	(7,687)
Depreciation expense (note 3)	(94,225)	(75,005)
Derecognition of restoration obligation	-	(15,300)
Carrying amount at end of the year	280,876	375,101

Office and computer equipment

Carrying amount at start of the year	20,007	52,941
Disposals	-	(6,751)
Transfers free of charge	-	(520)
Depreciation expense (note 3)	(9,864)	(25,663)
Carrying amount at end of the year	10,143	20,007

Motor vehicles under finance lease

Carrying amount at start of the year	81,820	142,122
Disposals	(15,585)	(42,013)
Depreciation expense (note 3)	(15,458)	(18,289)
Carrying amount at end of the year	50,777	81,820

Fair value measurement hierarchy* at 30 June 2014	Carrying amount \$'000	Fair value measurement using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Building fitouts	280,876			280,876
Office and computer equipment	10,143			10,143

* See fair value hierarchy in note 1(b)

There have been no transfers between levels during the period.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2014. For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 fair value 2014	Building fitouts \$	Office and computer equipment \$
Opening balance	375,101	20,007
Depreciation	(94,225)	(9,864)
Closing balance	280,876	10,143
Unrealised gains/(losses) on non-financial assets	-	-

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant Unobservable Inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Building fitouts	Depreciated replacement cost	Cost per unit	\$2,000- \$700,000	A significant increase or decrease in the cost per unit would result in a significantly higher or lower valuation.
		Useful life of building component	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office and computer equipment	Depreciated replacement cost	Cost per unit	\$5,000-\$30,000	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of office and computer equipment	4-5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Note 6. Intangible assets

	2014 \$	2013 \$
Capitalised software development – at cost	391,793	391,793
Less: accumulated depreciation	(111,941)	(55,971)
	279,852	335,822
Carrying value at start of the year	335,822	391,793
Depreciation expense (note 3)	(55,970)	(55,971)
Carrying value at end of the year	279,852	335,822

Note 7. Provisions

	2014	2013
	\$	\$
Current:		
Employee benefits		
- Annual leave		
Expected to be paid within 12 months	294,573	371,483
Expected to be paid after 12 months	57,522	39,457
- Long service leave		
Expected to be paid within 12 months	111,727	98,634
Expected to be paid after 12 months	963,238	1,040,370
- Performance bonus	49,680	85,000
	1,476,740	1,634,944
Non-current:		
Employee benefits		
- Long service leave	169,332	170,117
Total provisions	1,646,072	1,805,061

Note 8. Borrowings

Secured		
Current lease liabilities	51,655	18,570
Non-current lease liabilities	-	64,547
Total borrowings	51,655	83,117

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Assets pledged as security

The carrying amounts of assets pledged as security are:

Motor vehicles under finance lease	50,777	81,820
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Note 9 discloses the maturity analysis of borrowings and the nature and extent of risks arising from borrowings.

Note 9. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Categorisation of financial instruments

Financial assets	Note	Category	Carrying amount	
			2014	2013
			\$	\$
Cash		Cash	600	600
Receivables*	4	Loans and receivables	828,502	333,376
			829,102	333,976
Financial liabilities				
Creditors and accruals		Financial liabilities at amortised cost	165,701	257,029
Borrowings	8	Financial liabilities at amortised cost	51,655	83,117
			217,356	340,146

Net holding gain/(loss) on financial instruments by category:

Financial assets	Category		
Cash	Cash	-	-
Receivables*	Loans and receivables	-	-
		-	-
Financial liabilities			
Creditors and accruals	Financial liabilities at amortised cost	-	-
Borrowings	Financial liabilities at amortised cost	(3,411)	(4,624)
		(3,411)	(4,624)

* Receivables disclosed here exclude statutory receivables (i.e. amounts receivable from government departments and GST recoverable)

The net holding gains or losses disclosed above are determined as follows:

- For cash and receivables, the net gain or loss is calculated by taking the interest revenue, minus any impairment recognised in the net result; and
- For financial liabilities measured at amortised cost, the net gain or loss is the related interest expense.

(c) Credit risk

Credit risk arises from the financial assets of the Commission, which comprise cash and trade and other receivables. The Commission's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in financial loss to the Commission. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Commission's financial assets is insignificant because the main debtor is the Victorian Government. For debtors other than government, it is the Commission's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. The Commission does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Commission's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Commission does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there was no event to indicate that any of the financial assets were impaired.

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

The following table discloses the ageing analysis for the Commission's contractual financial assets:

	Carrying amount	Not past due and not impaired	Less than 1 month	Past due but not impaired 1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2014						
Receivables	828,502	723,541	6,084	230	98,647	
2013						
Receivables	333,376	57,500	181,280	46,369	48,227	

The carrying amounts disclosed here exclude statutory amounts.

(d) Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission operates under the Victorian Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities. The Commission manages its liquidity risk by maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations.

The following table discloses the contractual maturity analysis for the Commission's financial liabilities:

	Carrying amount	Nominal amount	Less than 1 month	1-3 months	Maturity dates* 3 months - 1 year	1-5 years	Greater than 5 years
	\$	\$	\$	\$	\$	\$	\$
2014							
Creditors and accruals	165,701	165,701	165,701				
Borrowings	51,655	54,185	1,550	3,101	49,534	-	
	217,356	219,886	167,251	3,101	49,534	-	
2013							
Creditors and accruals	257,029	257,029	257,029				
Borrowings	83,117	90,930	1,960	3,919	17,637	67,414	
	340,146	347,959	258,989	3,919	17,637	67,414	-

*The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

(e) Market risk

The Commission has no exposure to interest rate, foreign currency or other price risks. Interest rates on the Commission's finance lease liabilities are fixed.

(f) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Note 10. Commitments for expenditure

	2014 \$	2013 \$
Outsourcing commitments		
Commitments under outsourcing for recruitment services, payable:		
Within one year	324,660	324,660
Later than one year but not later than five years	-	-
	324,660	324,660
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
Within one year	102,510	114,755
Later than one year but not later than five years	203,309	243,082
	305,819	357,837
Finance lease liabilities		
Commitments in relation to finance leases are payable as follows:		
Within one year	54,185	23,516
Later than one year but not later than five years	-	67,414
Minimum lease payments	54,185	90,930
Less: future finance charges	(2,531)	(7,813)
Total lease liabilities	51,655	83,117
Shown in the financial statements (note 8) as:		
Current	51,655	18,570
Non-current	-	64,547
	51,655	83,117

Note 11. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets for the Commission at 30 June 2014 or at 30 June 2013.

Note 12. Responsible persons

The persons who held the positions of Minister and Accountable Officer in the Commission during the financial year were as follows:

Responsible Minister	The Hon Dr Denis Napthine, MP, Premier
Accountable Officer	Pamela White, Acting Chief Executive Officer, State Services Authority (up to 31 March 2014) Belinda Clark, Victorian Public Sector Commissioner (from 1 April 2014)

Remuneration

Remuneration received or receivable by the Accountable Officers, in connection with the management of the Commission, was in the income bands in the table below.

Income band	2014	2013
	No.	No.
\$100,000 - \$109,999	1	-
\$200,000 - \$209,999	1	1
\$280,000 - \$289,999	-	1

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 13. Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officers, whose total remuneration exceeded \$100,000 during the period, are shown in the first two columns of the table below in their relevant income bands. The base remuneration of these executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Income band	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
\$120,000 - \$129,999	1	1	1	1
\$140,000 - \$149,999			1	-
\$150,000 - \$159,999	1	-	-	1
\$160,000 - \$169,999	1	1	1	1
\$180,000 - \$189,999	-	1		
\$200,000 - \$209,999			2	-
\$210,000 - \$219,999	2	-	-	2
\$220,000 - \$229,999	-	2		
\$230,000 - \$239,999			-	1
\$240,000 - \$249,999			1	-
\$260,000 - \$269,999	1	1		
Total numbers	6	6	6	6
Total amount (\$)	1,136,915	1,180,861	1,091,818	1,112,089
Total annualised employee equivalents	5.9	5.9	5.9	5.9

Note 14. Remuneration of auditors

	2014	2013
	\$	\$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the annual financial statements	14,400	14,000

No other services were provided by the Victorian Auditor-General's Office.

Note 15. Superannuation

Employees of the Commission are entitled to receive superannuation benefits and the Commission contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The Commission does not recognise any defined benefit liability in respect of the plans because the Commission has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities as an administered item in its financial statements.

However, superannuation contributions for the period are included as part of employee benefit costs in the comprehensive operating statement of the Commission.

The Commission made contributions to the following major employee superannuation funds during the period:

Defined benefit funds	Emergency Services and State Super
	- Revised Scheme
	- New Scheme
Defined contribution funds	VicSuper

The Commission does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

Note 16. Reconciliation of net result to net cash flows from operating activities

	2014	2013
	\$	\$
Net result	555,700	(532,110)
Non Cash Movements		
Depreciation	175,517	174,928
(Profit)/loss on disposal of non-current assets	1,949	12,311
Resources provided free of charge	-	520
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	(472,072)	665,649
(Increase)/decrease in prepayments	(2,184)	(35,645)
Increase/(decrease) in creditors and accruals	(86,162)	22,928
Increase/(decrease) in provisions	(158,989)	(148,194)
Increase/(decrease) in other liabilities	4,067	(54,008)
Net cash flows from operating activities	17,827	106,379

Note 17. Non-cash financing and investing activities

During the period, no assets (2013 - \$520) were transferred from the Commission to other entities. These transfers were recognised in the comprehensive operating statement as resources provided free of charge.

Note 18. Administered items

In addition to the specific operations of the Commission which are included in the balance sheet, comprehensive operating statement and cash flow statement, the Commission administers or manages activities on behalf of the State. The transactions relating to these activities are reported as administered in this note. Administered transactions consist primarily of revenue from the sale of publications and the provision of training courses and workshops. During the year ended 30 June 2014, administered revenue amounted to \$1,047 (2013 - \$2,864). This revenue was initially paid into Consolidated Fund, and under Section 29 of the *Financial Management Act 1994*, returned to the Commission as grants revenue (see note 2). Administered receivables at 30 June 2014 amounted to \$nil (2013 - \$616).

Note 19. Financial results of State Services Authority

The financial results of State Services Authority at the cessation of operations on 31 March 2014 prior to its replacement by Victorian Public Sector Commission are detailed below. These results have been consolidated into the financial statements of Victorian Public Sector Commission for the year ended 30 June 2014.

Comprehensive operating statement of State Services Authority for the period 1 July 2013 to 31 March 2014

	\$
Income from transactions	
Grants	6,604,991
Provision of services	1,739,861
Total income from transactions	8,344,852
Expenses from transactions	
Employee benefits	4,942,182
Depreciation	131,998
Finance lease interest	2,515
Capital asset charge	50,247
Supplies and services	2,699,540
Total expenses from transactions	7,826,483
Net result from transactions	518,369
Other economic flows included in net result	
Net gain/(loss) on disposal of property, plant and equipment	(1,949)
Net gain/(loss) arising from revaluation of leave liabilities	2,320
Total other economic flows included in net result	370
Net result	518,739
Comprehensive result	518,739

\$

Assets**Financial assets**

Cash on hand	600
Receivables	4,843,523
Total financial assets	4,844,123

Non-financial assets

Prepayments	27,028
Property, plant and equipment	371,322
Intangible assets	293,845
Total non-financial assets	692,195

Total assets	5,536,318
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Liabilities

Creditors and accruals	246,683
Provisions	1,634,608
Unearned income	117,992
Borrowings	55,409

Total liabilities	2,054,692
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Net assets	3,481,626
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Equity

Contributed capital	11,318
Accumulated surplus	3,470,308

Total equity	3,481,626
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Note 20. Glossary of terms

Annualised employee equivalent

Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non current physical assets used in the provision of outputs.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a transaction and so reduces the net result from transactions.

Employee benefits

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- a) cash;
- b) an equity instrument of another entity;
- c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- a) a balance sheet as at the end of the period;
- b) a comprehensive operating statement for the period;
- c) a statement of changes in equity for the period;

- d) a cash flow statement for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expense includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposal, revaluation and impairment of non current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, they are changes arising from market re-measurements.

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non produced assets such as land.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Commission.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Accountable Officer's and Chief Financial Officer's declaration

We certify that the attached financial statements for the Victorian Public Sector Commission have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and the financial position of the Commission as at 30 June 2014.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 27 August 2014.



Joe Bonnici
Chief Financial Officer

Melbourne
27 August 2014



Belinda Clark
Victorian Public Sector Commissioner

Melbourne
27 August 2014

INDEPENDENT AUDITOR'S REPORT

To the Commissioner, Victorian Public Sector Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Victorian Public Sector Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief financial officer's declaration has been audited.

The Commissioner's Responsibility for the Financial Report

The Commissioner of the Victorian Public Sector Commission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be 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 audit procedures selected depend on 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, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Public Sector Commission as at 30 June 2014 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Public Sector Commission for the year ended 30 June 2014 included both in the Victorian Public Sector Commission's annual report and on the website. The Commissioner of the Victorian Public Sector Commission is responsible for the integrity of the Victorian Public Sector Commission's website. I have not been engaged to report on the integrity of the Victorian Public Sector Commission's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
28 August 2014



for John Doyle
Auditor-General

Attestations by the Victorian Public Sector Commissioner

I, Belinda Clark certify that the Victorian Public Sector Commission has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 or its successor) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Victorian Public Sector Commission has been critically reviewed within the last 12 months.

I, Belinda Clark certify that the Victorian Public Sector Commission has complied with Ministerial Direction 4.5.5.1 – Insurance.



Belinda Clark
Accountable Officer

Melbourne
28 August 2014

ADDITIONAL INFORMATION

Changes in financial position

An amendment to the *Public Administration Act 2004* established the Victorian Public Sector Commission in place of the State Services Authority on 1 April 2014. In accordance with Financial Reporting Direction 119A *Transfers through Contributed Capital*, the net assets of the Authority were transferred to the Commission through contributed capital. There were no other significant changes to the financial position of the Commission for the year ended 30 June 2014.

Consultancies

See table 4 on page 64 for consultancies over \$10,000. The Commission did not engage any consultancies where the total fees payable to a consultant was less than \$10,000.

Environmental reporting

This environmental report has been prepared in accordance with Financial Reporting Directions issued by the Minister for Finance (see Table 1).

Table 1: Reporting of office-based environment impacts

Energy (Electricity and Gas)							
Total electricity usage (gigajoules)	Total green electricity (gigajoules)	Total gas usage (gigajoules)	Percentage of electricity purchased as Green Power (%)	Units of energy used per Full Time Employee (megajoules per FTE)	Units of energy used per unit office area (megajoules per m ²)		
542	0	0	0.00%	13,300	527		
Paper							
Total units of paper used (A4 reams equivalent)		Reams of paper used per FTE		Percentage of recycled content paper purchased (%)			
327		8		80%			
Transport							
Total energy consumed by vehicles (MJ) *	Total vehicle travel associated with entity operations (km)	Total greenhouse gas emissions from vehicle fleet (tonnes of CO ₂ equivalent)	Greenhouse gas emissions from vehicle fleet per 1,000km travelled (tonnes of CO ₂ equivalent)	Total distance travelled by aeroplane (km) ^	Percentage of employees regularly (>75% of work attendance days) using public transport, cycling, walking, or car-pooling to and from work or working from home by locality type		
					CBD	Metro	Regional
5,846	2,642	0.41	0.15	40,383	96%	0%	0%

(Continued)

Waste						
Total units office waste disposed of by destination (kg per year)		Units of office waste disposed of per FTE by destination (kg per FTE)		Recycling rate (% of total waste)	Greenhouse gas emissions associated with waste disposal (tonnes CO2-e by weight)	
Landfill	Other [#]	Landfill	Other [#]		Landfill	Other [#]
1,570	2,090	39	51	57.10%	0.66	1.88
Water						
Total units of metered water consumed (kilolitres) [%]		Units of metered water consumed per FTE (kilolitres/FTE)		Units of metered water consumed in offices per unit of office area (kilolitres/m ²)		
826		20		1		
Greenhouse gas emissions						
Total greenhouse gas emissions from energy use (t CO2 e)					197.22	
Total greenhouse gas emissions from vehicle use (t CO2 e)					0.41	
Total greenhouse gas emissions from air travel (t CO2 e)					11.75	
Total greenhouse gas emissions from waste (t CO2 e)					2.54	
Greenhouse gas emissions offsets purchased (t CO2 e)					0.00	

* This includes vehicles for Commission use hired from VicFleet. This does not include salary packaged vehicles.

^ This includes domestic and international travel.

This includes comingled, organic and paper waste. Each one is measured separately as part of the Commission's waste audit.

% Separate metered water figures are not available for the Commission's tenancy at 3 Treasury Place. Water figures are calculated on the Commission's NLA square metres.

Corporate governance and risk management

The Commission's Audit and Risk Management Committee acts as an advisory service to the accountable officer (the Victorian Public Sector Commissioner) and ensures the Commission discharges its responsibilities as prescribed in the *Financial Management Act 1994*, *Audit Act 1998* and other relevant legislation.

The independent Chair of the Committee is Merran Kelsall.

Committee members are John Hall (Acting Executive Director, Investment and Major Projects, Department of State Development, Business and Innovation) and Paul Bradshaw (Principal Adviser, Projects, Victorian Public Sector Commission).

Invitees include Belinda Clark, (Commissioner), Joe Bonnici, (Chief Financial Officer, Finance and Technology Services, Departments of Treasury and Finance & Premier and Cabinet and the Victorian Public Sector Commission), Timothy Maxfield (Performance Audit Manager, Victorian Auditor-General's Office), Paul Eate (Director, Standards and Corporate, Victorian Public Sector Commission), Mark Ryan (Committee Secretary, Business Services and HR Manager, Victorian Public Sector Commission), and Jean-Marc Imbert, Tim Pittaway and Jaime Lam, RSM Bird Cameron the Commission's internal auditors.

Extent and compliance with the Building Act 1993

The Commission is not responsible for any publicly owned buildings.

Freedom of information

The Commission is subject to the *Freedom of Information Act 1982*. The Commission has met its responsibilities for implementing the government's freedom of information policy in 2013-2014.

Human resource strategy

The Commission has a small core of staff and meets its operational demands by drawing on temporary staff, secondments or additional contract support to meet peak periods and to provide expert assistance in key areas such as technical advice and analysis.

Managing and valuing diversity

The level of staff awareness about managing and valuing diversity is high given the functions of the Commission. The Commission promotes equal employment opportunity through managing diversity, in line with its policies and practices. In light of the small number of employees, a flexible and supportive workplace is provided through flexible working hours, leave arrangements and home-based work.

National competition policy

As a portfolio agency, the Commission's information on compliance is included in the Department of Premier and Cabinet's Annual Report.

Occupational health and safety

The Commission has a clear and uncompromising commitment to occupational health and safety compliance as well as general staff health and well-being. During the reporting year, the Commission had:

- two WorkCover claims;
- one fire warden training;
- seven ergonomic assessments;
- one first aid supply audit;
- two workplace inspections; and
- 16 flu vaccinations.

Other information

The following information, where it relates to the Commission and is relevant to the financial year 2013-2014 is available to the Minister, Members of Parliament and the public on request:

- statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity, about the entity, and the places where the publications can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of any major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and the services it provides;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial action and disputes; and
- a list of major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.

Human resource management

The Commission continues to invest in its human resource capital with the provision of formal and informal training. This includes whole of government initiatives and individual progression development. Staff members are encouraged to accept responsibility for their own development and have access to financial support.

Selecting on merit

The Commissioner and the former acting Chief Executive Officer made six appointments during the period.

Upholding public sector conduct

The Commission has responsibility for promoting high standards of integrity and conduct in the public sector. As such, all staff are fully informed about the *Code of Conduct for Victorian Public Sector Employees*, and adherence requirements.

Victorian industry participation policy and disclosure of major contracts

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, which requires public bodies and departments to report on the implementation of the *Victorian Industry Participation Policy* (VIPP).

VIPP was developed by government to ensure that procurement and industry assistance activities across the whole of government use local suppliers whenever and wherever they offer the best value for money.

A major focus of the VIPP is on improving the ability of regional suppliers to tender for projects that will boost the State's overall development and the growth of regional economies.

During the reporting period, the Commission did not commence or conclude any contracts to which VIPP applied.

Protected Disclosures

As required by section 70 of the *Protected Disclosure Act 2012*, the following is reported for 2013-2014:

- the Commission's procedures for handling protected disclosures is published on its website vpsc.vic.gov.au and intranet.
- the number of disclosures the Commission notified to the Independent Broad-based Anti-corruption Commission (IBAC) – Nil

Workforce data

Table 2: Workforce data – Victorian Public Sector Commission staff as at 30 June 2014						
	Ongoing employees			Fixed term and casual employees		
	Number (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
June 2014						
VPSC	40	37	3	37.75	3	3.00
VLDC	2	2	0	2.00	3	3.00
June 2013						
SSA	44	36	8	41.24	1	0.60
VLDC	2	2	0	2.00	1	1.00
	June 2014			June 2013		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
Gender						
Female	27	24.85	5.00	29	26.24	0.00
Male	15	14.90	1.00	17	17.00	1.60
Age						
Under 25	0	0.00	2.00	1	1.00	0.60
25–34	4	4.00	1.00	6	6.00	0.00
35–44	17	15.75	3.00	17	14.85	1.00
45–54	10	9.29	0.00	11	10.39	0.00
55–64	11	10.70	0.00	11	11.00	0.00
Over 64	0	0.00	0.00	0	0.00	0.00
Classification						
Secretary Executive	7	6.70	0.00	7	6.80	0.00
STS	3	3.00	0.00	3	3.00	0.00
Grade 6	10	9.15	0.00	9	8.55	0.00
Grade 5	13	12.29	2.00	14	12.89	1.00
Grade 4	5	5.00	0.00	8	7.40	0.00

(Continued)

	June 2014			June 2013		
Grade 3	4	3.60	0.00	5	4.60	0.00
Grade 2	0	0.00	2.00	0	0.00	0.60
Grade 1	0	0.00	1.00	0	0.00	0.00
Legal Officer	0	0.00	0.00	0	0.00	0.00
Casual	1	0.00	1.00	0	0.00	0.00
Other	0	0.00	0.00	0	0.00	0.00

Disclosure index

This annual report of the Commission is prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance (FRD – Financial Reporting Direction or SD – Standing Direction). This disclosure index has been prepared to facilitate identification of compliance with statutory disclosure and other requirements.

Legislation	Requirement	Page
Charter and purpose		
FRD 22B	Manner of establishment and relevant Minister	8
FRD 22B	Objectives, functions, powers and duties	8
FRD 22B	Nature and range of services provided	8
Management and structure		
FRD 22B	Organisational structure	6
Financial and other information		
FRD 22B	Operational objectives and performance against objectives	63
FRD 22B	Major changes or factors affecting performance	63
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FRD 10	Disclosure index	62
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FRD 29A	Statement of workforce data and application of merit and equity	61
FRD 22B	Application and operation of the <i>Freedom of Information Act 1982</i>	59
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FRD 22B	Significant changes in financial position	57
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FRD 22B	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	58
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SD 4.2 (a)	Compliance with Australian Accounting Standards and other authoritative Pronouncements	30
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Table 3: Performance against key indicators

	Performance measures	Unit of measure	12 Month Target (ended 30 June 2014)	12 Month Results (ended 30 June 2014)
Quantity	Formal events and activities delivered across the public sector that promote values and employment principles; effective workforce planning and development; good governance in public sector entities; and effectiveness in public administration	number	50	56 ^A
Quantity	Referred reviews underway or completed, aimed at improving service delivery, governance, and/or public administration efficiency and effectiveness	number	10	NA ^B
Quality	Recommendations arising from reviews of actions (Section 64) implemented by the public service	per cent	100	100
Timeliness	Referred reviews completed within agreed timelines	per cent	90	NA ^B
Comments:	^A The 2013-2014 actual result is higher than the 2013-2014 target primarily due to an increased interest in the People Matter Survey results. ^B This performance measure is no longer relevant and has been revised as part of the development of the 2014 -2015 Budget Paper No.3.			

Table 4: Consultancies over \$10,000 (excluding GST)

Consultant /Payee	Details	Start date	End date	Total approved fee (Excl.GST)	Expendi- ture 2013 -2014 (Excl. GST)	Future Expendi- ture
HRX Technology Pty Ltd (Recruitasp)	eRecruitment Productivity Analysis Milestones	1/04/2014	13/06/2014	33,000.00	33,000.00	-

