

ANNUAL REPORT 2012-2013





STATE SERVICES AUTHORITY

Our Vision

A high performing, innovative and trusted Victorian public sector.

Our mission

As a Centre of Excellence for public sector improvement, to lead and engage the Victorian public sector in continually improving services, standards, governance and workforce development.

Our approach

Collaborative effort leading to collective improvement.

Our values

Client focussed:

- we provide frank, impartial and timely advice
- we promote best practice across the public sector in ethical behaviour, service delivery, governance and workplace development
- we work actively to understand the needs and perspectives of our stakeholders.

Professional integrity:

- we are honest, open and transparent in our dealings
- we avoid any real or apparent conflicts of interest in our dealings
- we deliver well researched and argued policies and review outcomes
- we each accept responsibility for our decisions and actions.

Respecting people:

- we openly communicate and collaborate with each other and stakeholders
- we all work together to achieve our objectives and build the reputation of the Authority
- we all contribute to making an open, fair and harmonious workplace.

High performing:

- we strive to achieve the highest standards in everything we do
- we continuously measure and improve our performance
- we promote an environment that thrives on being creative and innovative.



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FROM THE CHAIR

This was a vintage year for the State Services (the Authority). Twelve months in which others clearly recognised the Authority's hard work and endeavour.

Local recognition

In December 2012, Mick Palmer submitted his review to the Premier on Victoria's Corrections System. Shortly afterwards, the former Australian Federal Police Commissioner wrote to me regarding the support he had received from the Authority and its staff during the conduct of his review.

"...the quality of the young men and women who work within the SSA is quite outstanding, and the team provided me with exceptional support and assistance. During the 12 years since my retirement from policing in 2001, I have conducted a number of inquiries and reviews for the Federal and for State governments. I can say, without reservation, that during this period I have never worked with a more motivated, productive, or reliable group of people. Their attention to detail, levels and particularity of preparation, demonstrated analytical capacity, personal and collective initiative and writing skills were of a very high standard and combined to make my work very easy..."

International recognition

Following on the heels of this glowing endorsement, in April 2013, ARTDO (formerly the Asian Regional Training and Development Organization) conferred on the Authority its International Management and Human Resources Development Award.

In their letter of citation, the Board of ARTDO noted how they were "greatly impressed with the invaluable role of the State Services Authority in strengthening Victoria's public sector and fostering a culture of continuous improvement in service delivery, workforce development and the governance of public utilities".

Previous winners of this award include the Asian Development Bank, Asian Institute of Management, Japan Productivity Centre, Power Grid Corporation of India, United Nations Industrial Development Organization and the National Civil Service Institute of Taiwan. All organisations vastly better resourced than the Authority. Confirmation, if any was required, of the good work the Authority is undertaking.



Sustainable government

In the course of the previous 12 months, the Authority like the rest of the Victorian Public Service, has been implementing the Sustainable Government Initiative. In fact, it is data captured by the Authority over the preceding years that has highlighted the necessity for government action. Our workforce data shows that the public service was growing at a rate faster than the wider Victorian population, and that public service salaries were growing faster than private sector incomes. The latter largely as a result of classification creep in public service jobs.

Innovation

In a first for the Authority, in June 2013, we released the Victorian Government Careers Mobile Application (app). This new app allows those searching for a job (in the Victorian public sector) to access the most popular parts of the Careers website, using either an iOS (Apple) or Android (mobile) device.

The release of the app follows our identification that around 15 per cent of visitors to the Careers website access the site using a mobile device, such as an iPhone, iPad, Android phone or tablet. In recognition of this, the Authority (in collaboration with the former Department of Business and Innovation) engaged web developers to build a mobile application that would allow mobile users to more easily access information from the Careers website.

The app is a new development for the Authority, though it starkly highlights the Authority's desire to make our products available and accessible to the maximum number of people. I am confident there will be further activities by the Authority in this space.

Challenges

Over the years, in my introductions to this annual report, I have attempted to summarise and highlight the output of a small, dedicated and committed group of public servants who are the Authority. This introduction has obviously been no different. However, like many other areas of government activity, the budget for the Authority was reduced. The reduction in the Authority's budget for 2013-14 was around 40 per cent.

With every challenge there are also opportunities. I have no doubts that in the coming financial year the staff of the Authority will rise to the occasion. Finally, my thanks to Greg Williams, the current Public Sector Standards Commissioner (and to Peter Allen, who departed in October 2012), and to the Authority's Chief Executive Officer (acting), Pam White PSM, and all the staff of the Authority, whose professionalism and dedication to the cause knows, no bounds.

BRUCE C HARTNETT

Chair



FROM THE PUBLIC SECTOR STANDARDS COMMISSIONER

As my immediate predecessor as Public Sector Standards Commissioner (PSSC), Peter Allen, observed in an earlier State Services Authority (the Authority) annual report, public sector workers make a positive difference to the lives of fellow Victorians. Their capacity to do so stems not only from their knowledge, skills and experience, but also from the values that determine how they go about their work. As PSSC, one of my roles is to promote high standards of integrity and conduct in Victoria's public sector.

Integrity in the Victorian public sector

Following the creation of the Independent Broad-based Anti-corruption Commission (IBAC), it invited the Authority to be represented on its *Prevention and Education Advisory Group* along with other integrity bodies including the Ombudsman and the Auditor-General.

The Authority was also asked to develop an introductory guide, *Welcome to the Integrity System*, to explain the role of employers, employees and integrity bodies in safeguarding integrity in the Victorian public sector. The guide (now the responsibility of IBAC) was developed in consultation with integrity bodies and completes the set of introductory guides published by the Authority on boards, government and management.

The Authority published a new guide for directors of public entities about managing their conflict of interest and duty obligations. *Conflicts of Interest and Duty: A Practical Guide for Directors of Public Entities* explains the nature of conflicts of interest and duty and provides information about how they can be managed appropriately.

An important aspect of the PSSC's responsibilities is quality assurance in relation to employee grievance processes. This power is only used when the required policies and procedure appear not to have been followed. During the year, 21 written complaints resulted in requests for information (17) or reviews of action (4). Discussions were also held with management of two public sector bodies regarding some recurring issues in their organisations.

The Lobbyists Register which, at 30 June 2013, listed 114 companies and 298 lobbyists, reflects Victoria's commitment to integrity and transparency.

I would like to acknowledge and thank Peter Allen for his work as PSSC.

In exercising my role as PSSC, I relied heavily on Paul Eate, Kate Langridge, and Robin Mullen in relation to conduct matters; Luise Raeder, Meredith Jones and Bernadette Fallon in the development of guides for the public sector; Mark Ryan in the operation of the Lobbyist Register; and on the wise and thoughtful counsel of the Authority's Chair, Bruce Hartnett and the Chief Executive Officer (acting), Pam White.

GREG WILLIAMS

Public Sector Standards Commissioner

HIGHLIGHT

CAREERS MOBILE APPLICATION

The State Services Authority (the Authority) continues to manage the Victorian Government Careers website <www.careers.vic.gov.au> as part of its responsibility for the whole-of-Victorian-government eRecruitment system. There are currently 79 Victorian public sector departments and entities subscribed to this system.

In 2012-13, around 15 per cent of visitors to the Careers website accessed the site using a mobile device, smartphone or tablet. In recognition of this, the Authority (in collaboration with the former Department of Business and Innovation) engaged web developers to build a mobile application that would allow mobile users easy access to information from the Careers website.

The result is the Victorian Government Careers Mobile Application (app), available from the App Store and Google Play. Links to the app are available on the Careers website and Victoria Online <www.vic.gov.au>.

Launched in June 2013, the app allows access to the most popular parts of the Careers website. Once installed, a user can access the information within the app as a guest or by using their existing Careers username and password to gain additional functionality, such as saved search preferences and notifications of new jobs that match customised search criteria.

Searching

Launching the app allows a user to search the entire database of current jobs on the Careers website and to refine their search by job type, department or organisation, classification, keywords, or location. Using geolocation, a user may find job opportunities in their region that they had not considered before, helping regional entities find new candidates.

In addition, the app allows a user to save their individual search preferences, displaying the jobs they are interested

in each time they open the app. The app presents the full job advertisement, including contact information, along with attachments such as the position description.

Saving

The app allows a user to save any job advertisements they would like to return to later for a closer look. The user can save the date, adding the job's closing date to their device's calendar, along with a reminder to ensure no application is forgotten or an opportunity missed.

When it is time to apply, the user revisits their saved jobs, and taps the 'apply' button. Doing this creates a draft application within their profile on the online eRecruitment system. As most job applications require documents and additional information, an applicant can then use a desktop computer to finalise their application by logging in to their account on the Careers website.

Sharing and supporting

The app allows a user to share advertised jobs opportunities with friends and colleagues using their social media networks: Twitter, Facebook, and any other social media platforms they have installed on their mobile device. In addition, they can email links to jobs they find – helping the right jobs reach the right people.

The app comes with a list of Frequently Asked Questions and Answers, including contact information for the Careers Helpdesk.





OUR STRUCTURE

The State Services Authority (the Authority) comprises the Chair, the Public Sector Standards Commissioner (PSSC), and as many Commissioners as the Premier may appoint to conduct specific reviews. The Authority sets its annual strategic plan and develops an annual work program for approval by the Premier. The Authority's Chief Executive Officer (CEO) and staff support the Chair and the Commissioners.

The Authority has four divisions:

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

The duties and responsibilities of the Chair, PSSC, Commissioner(s), and the CEO are specified in the *Public Administration Act 2004*.

The organisational chart reflects the Authority's structure as at 30 June 2013.

Authority

The 'Authority' has two meanings.

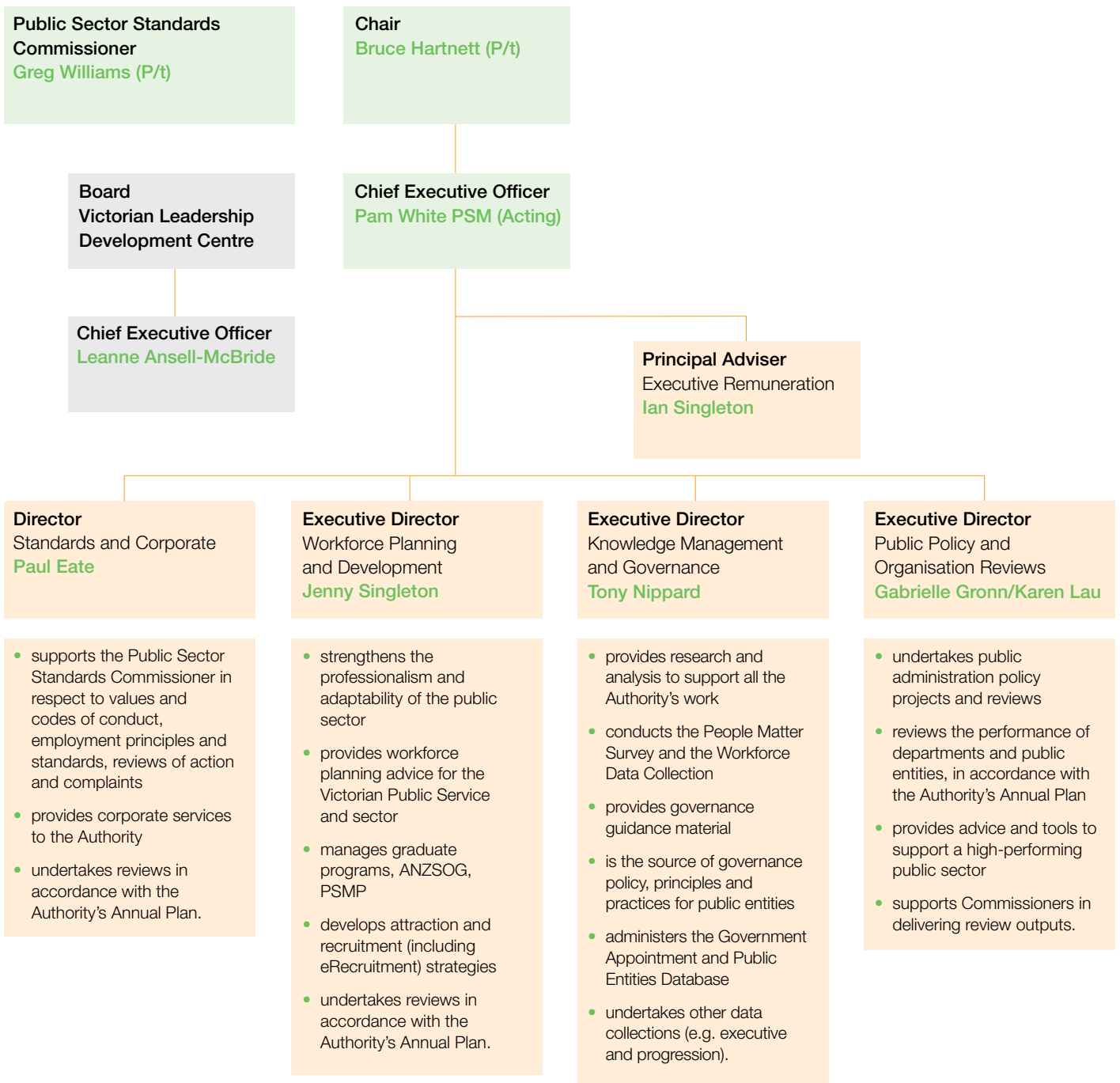
One describes the formal body of the Authority, which has responsibility for performing the statutory roles outlined in the *Public Administration Act 2004*, developing the annual work program (see pages 24-25) and approving reports. This formal body consists of the Chair, the PSSC and Commissioners.

The other describes the Authority as an organisation comprising the Authority (as described above), the CEO, and the other officers and staff who support the CEO.

The CEO is employed by the Chair. The CEO is the employer of the officers and staff of the Authority.

For the purposes of the Annual Report, the two terms are used interchangeably.

The membership of the Authority's Audit and Risk Management Committee is outlined on page 60.





HIGHLIGHT NEW ABORIGINAL PATHWAY

The Aboriginal Pathway to the Graduate Recruitment and Development Scheme was an initiative of the Victorian State Government to increase *Aboriginal Employment in the Victorian Public Service (VPS)*.

Work on the initiative began early in 2012, when the Secretaries Leadership Group on Aboriginal Affairs called on the State Services Authority to address the low entry rates of Aboriginal graduates entering the VPS via the Graduate Recruitment and Development Scheme (GRADS). Collaboration with the Aboriginal Partnership Group and other key stakeholders resulted in a discrete package of measures known as the *Aboriginal Pathway to the GRADS*.

The Pathway was launched at the *GRADS Welcome Event* in October 2012. Terry Garwood, Chair of the Aboriginal Partnership Group, delivered the key note address in which he welcomed the five incoming Aboriginal Pathway graduates.

Getting the word out

The Pathway uses mainstream and Indigenous media to reach its intended audience. Contact with Victorian tertiary student groups and the Aboriginal community, is crucial in helping to get the word out about the Pathway. In addition, one-off events, like the Dreamtime Careers Expo at the Korin Gamadji Institute at the Richmond Football Club, are an important way of spreading the word.

By the beginning of 2014, a total of 12 Aboriginal graduates will have joined the VPS via the Pathway.

The Pathway provides culturally sensitive support for all applicants. This support seeks to reduce the barriers to entry and encourages applicants to contact the Pathway team prior to applying.

Graduates applying through the Pathway have a wide variety of academic qualifications, including degrees in law, economics, accounting, health studies, planning and community services, as well as Indigenous studies. Graduates are enthusiastic and committed to working in government. Like the majority of all graduates, these candidates have a range of preferences about where they would like to work and are equally curious about opportunities that will broaden and strengthen their skills and knowledge.

Government departments are encouraged to participate by offering specific jobs for Pathway graduates. To date applications and offers have been roughly equal. Given the high calibre of Pathway graduates – and as word gets out in government circles and Aboriginal communities – it is highly probable that demand and supply will continue to grow.

Once in the program, Aboriginal graduates are able to access the Institute of Public Administration Australia mentoring scheme, *Peer Plus Mentoring*. Here, graduates are carefully matched with an Aboriginal mentor already working in the Victorian Government. In addition, all participants in the wider GRADS program, as well as the managers of Pathway graduates, undertake cultural awareness training. The day long program has now been incorporated into the ongoing GRADS learning and development program.

“Entering the GRADS program through the Aboriginal Pathway has been great. I’ve felt supported by staff at the SSA, as well as the broader Koorie networks within the VPS. The GRADS has opened up a whole range of different work opportunities and I’ve already learnt an enormous amount. For me, the best thing has been working with people who want to help you blossom in your new career in government.”

Elise, Pathway graduate, 2013

“The Pathway is really supportive ...”

Hannah, Pathway graduate, 2013

“At every stage of the Pathway process, people provided enormous support.”

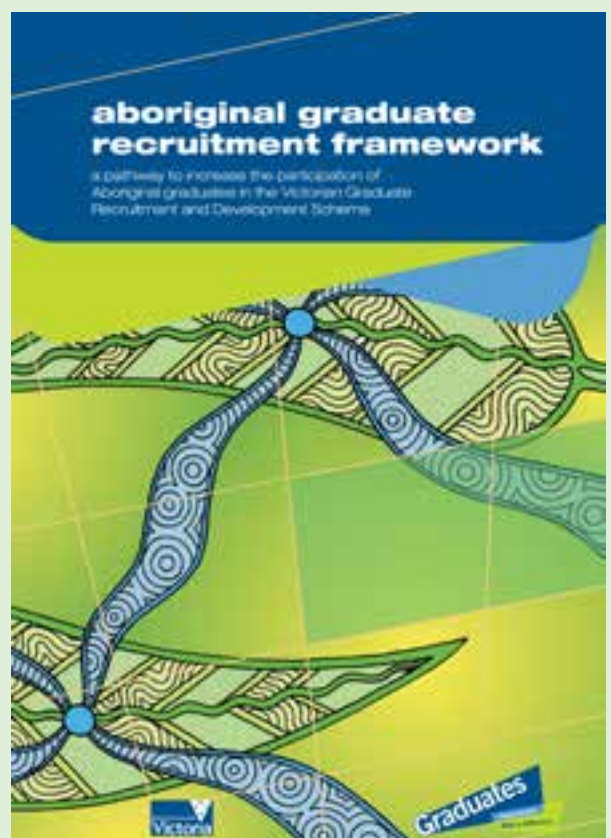
Robert, Pathway graduate, 2013

“The Pathway is fantastic as it allows you to be part of the larger GRADS community but with additional support and cultural safety.”

Anne, Pathway graduate, 2013

“My time in the VPS has been great. I’ve felt tremendously lucky to be surrounded by warm and supportive managers and colleagues. There has been no shortage of personal development opportunities and I’ve been encouraged to follow my interests ... I love the range of tasks I get to engage with as part of my job. My skills are consistently being strengthened.”

Kathryn, Pathway graduate 2013





ABOUT THE STATE SERVICES AUTHORITY

The formation of the State Services Authority (the Authority) reflects the State Government's belief that the fundamental role of the public sector is to serve the public interest. The Authority exists to strengthen the public sector and foster improvements to service delivery, standards, workforce development and the governance of public entities.

The Public Administration Act 2004 (the Act) establishes the Authority and creates the role of the Chair, the Public Sector Standards Commissioner (PSSC), Commissioner(s), and the Chief Executive Officer (CEO). The Authority reports directly to the Premier, unlike the Auditor-General or Ombudsman, both of whom report to Parliament. The Authority does not have a regulatory or audit role and carries out its legislative requirements by working collaboratively with public sector bodies and organisations.

The functions and powers of the Authority are set down in the Act, which outlines four key roles. These roles support delivery of the broader objectives of the Act. The Authority is vested with functions designed to foster 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.

Role 1 service integration and development

Each day Victorians use public services financed by, or the responsibility of, the Victorian Government. These services are delivered by organisations and staff that comprise the Victorian public sector.

The Authority strives to improve the delivery and integration of these government services. The Authority does this by undertaking reviews into the management systems, structures or processes within an organisation or the functional relationship between two or more organisations. Reviews are conducted at the request of the Premier, Ministers or public service body heads.

By taking an holistic view of government services, the Authority is able to identify opportunities for service integration and improvement. The Authority is in a unique position to research, analyse and provide recommendations on issues and opportunities outside the charter of any one public sector organisation.

Role 2 integrity and conduct

The Authority has responsibility for promoting high standards of integrity and conduct in the public sector. Integral to this is the application of the public sector values and employment principles. The PSSC performs this function independently (while consulting with the other members of the Authority).

Public sector values, outlined in the Act, underpin and reflect the behaviours essential to the relationship between the Victorian public sector and government, the public sector and the community, and between those who work in the public sector. Employment principles, also outlined in the Act, provide Victorian public sector employers with a framework for ensuring all employment processes are fair and merit based. The PSSC has issued binding standards in relation to employment principles and codes of conduct in relation to the values.

The Authority's activities positively influence the way public sector organisations and public officials make decisions and provide services to government and the Victorian community.



Role 3 professionalism and adaptability

The Authority plays a key role in ensuring the Victorian public sector has the skills and the tools to address workforce challenges and has a workforce with the requisite capabilities to deliver government policies and programs now and into the future.

The Authority supports public sector employers in tackling workforce development issues such as recruitment, retention, professional development, executive remuneration and human resource management. These matters are often beyond the scope of any one public sector employer.

Role 4 high standards of governance

Victoria has a long tradition of using entities outside departments to perform functions, or provide services, on behalf of government.

The Authority is responsible for providing advice on, and promoting appropriate structures and governance arrangements for public entities that serve the community. The Authority works with Ministers and government departments in the promotion and adoption of high standards of governance to ensure that all public entities serve the Victorian community in a manner that is responsive, accountable and highly professional.

Register of Instruments

In addition to its four key roles, the Authority is also required to establish and maintain a Register of Instruments issued under the Act. The Authority must maintain the Register electronically, accessible to the public at all times without charge, and on the Internet. The Register is available on the Authority's website.

In accordance with the Act, the Register must contain:

- any code of conduct issued by the PSSC;
- any standards issued by the PSSC;
- any order made by the Governor in Council under Part 5; and
- any other instrument issued under the Act that the Premier directs the Authority to enter in the register.

In October 2008, the Premier wrote to the Chair of the Authority to direct that the Register contain all Governor in Council orders made under the Act. This required the inclusion of orders made under Parts of the Act in addition to Part 5.

The revised Register includes:

- a 'current orders' page, containing provision for Governor in Council orders made under relevant sections of the Act; and
- a 'machinery of government' page that describes how the combination of relevant sections of the Act and Governor in Council orders affects the governance and structure of the Victorian public sector.



REVIEWS

The State Services Authority (the Authority) undertakes reviews in accordance with its role to improve the delivery and integration of government services, strengthen the professionalism and adaptability of the public sector, and find workable solutions for government. This work is evidence based, authoritative and valued. The Authority conducts reviews referred to it pursuant to the *Public Administration Act 2004* or as part of the Authority's approved work plan. The Authority's approved 2012-13 work plan is available at pages 24-25.

Whole of government reviews

The Victorian public sector delivers a diverse range of services on behalf of government. The Authority is in a unique position to review, research, analyse and provide recommendations on issues and opportunities that are outside the charter of any one department or agency.

Review 1: Review of Victoria's Approach to International Engagement

Reference: The Authority received a reference from the Premier in February 2012.

Under the terms of reference, the review provided advice on developing a whole-of-government strategic approach to international engagement, focussing in particular on Victoria's economic, social and cultural engagement with the emerging economies in Asia and Latin America. The review involved widespread research and consultation with government and non-government stakeholders.

Andrew Shearer led the review.

The Authority provided its report to the Premier in July 2012.

Review 2: Review of Obligations of Contractors under the VPS Codes of Conduct

Reference: The Authority received a reference from the Premier in June 2012.

The review followed reports by both the Ombudsman and Auditor-General highlighting the importance of managing contracts well, including:

- being clear about the differences between contractors and employees;
- the risk to employers of a contractor being deemed an employee; and
- the need to hold contractors and employees to the same high standards of conduct when they are performing a public service function.

The review recommended that the requirement for contractors to comply with the Victorian Public Service code of conduct be incorporated in tender documentation and contracts, and also be reinforced on the job.

As part of its reform of procurement policies and practices, the Victorian Government Purchasing Board (VGPB) has agreed to update its templates accordingly.

The Authority provided its report to the Premier in October 2012.

Review 3: Creating Asia Capability in the Victorian Public Service

Reference: The Authority received a reference from the Secretary, Department of Premier and Cabinet in April 2013.

The review is developing a strategy to build Asia capability in the Victorian Public Service (VPS). The strategy will establish a coordinated approach to creating the capabilities that the VPS requires to strengthen Victoria's engagement with, and potential benefit from, the Asian Century.

The Authority will provide its strategy to DPC in late 2013.



Specific reviews

As well as addressing whole of government issues through reviews, the Authority may also conduct portfolio specific reviews at the request of the Premier, Minister or responsible public service body head. In 2012-13, the Authority conducted reviews across a range of portfolios, including corrections and public housing.

Review 4: Review of the Management and Operation of Victoria's Corrections System

Reference: The Authority received a reference from the Premier in May 2012.

The review provided advice on the structure and management systems of Victoria's corrections system (including Corrections Victoria and the Department of Justice). The review focussed on the placement and management of high-risk prisoners.

Greg Williams led the review.

The Authority provided its report to the Premier in August 2012.

Review 5: Review of the Implementation of Reports Relating to Victoria's Corrections System

Reference: The Authority received a reference from the Premier in May 2012.

The review monitored the implementation of recommendations of the Victorian Ombudsman arising from an investigation into Corrections Victoria.

Mick Palmer AO APM led the review.

The Authority provided its report to the Premier in December 2012.

Review 6: Review of Governance and Accountability Systems for Asset Management in Social Housing

Reference: The Authority received a reference from the Secretary, Department of Human Services in June 2012.

The review assessed the governance and accountability arrangements for asset management for social housing, including consideration of the central and regional interface.

The Authority provided its report to the Secretary in September 2012.



BEHAVIOURS AND CULTURE

Workplace culture is critical to an organisation's reputation, ability to attract and retain the best people, and to get the best from them. Positive workplaces are therefore also productive.

The State Services Authority (the Authority), the Public Sector Standards Commissioner (PSSC), and Victorian public sector organisations, work collaboratively to support the highest levels of employee engagement and conduct through positive workplace culture.

Managing integrity risks

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 and leave the public sector all the time. They may also move on to new roles or to organisations where the nature or level of risk is different from before. It therefore pays them to regularly think about their risks and how they can best be managed.

Conflicts of interest and duty

The Authority published a new guide for directors called *Conflicts of Interest and Duty: A Practical Guide for Directors of Public Entities*. The guide explains the nature of conflicts, and provides practical ways of managing them appropriately. The guide is highlighted in more detail on page 19.

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 PSSC requires that departmental secretaries and heads of special bodies attest in writing to him that they have complied with the *Gifts, Benefits and Hospitality Policy Framework* and its minimum accountabilities and responsibilities. All did this in 2012. The Authority also provided public sector organisations with advice and guidance on their policies and procedures.

Supporting Victoria's new integrity system

The Independent Broad-based Anti-corruption Commission (IBAC) invited the Authority to be represented on its *Prevention and Education Advisory Group*, along with other integrity bodies (such as the Ombudsman and Auditor-General). In addition, the Authority was asked to develop an introductory guide to explain the role of employers, employees and integrity bodies in safeguarding integrity in the Victorian public sector. The resulting guide (*Welcome to the Integrity System*) was developed in consultation with other integrity bodies. The guide complements other guides the Authority has published on boards, government and management. Responsibility for the new guide now resides with IBAC.

Improving work environment

The way in which people interact at work has a major influence on productivity and their sense of wellbeing. Where interpersonal dynamics are positive and constructive, people tend to be more motivated and engaged. They are also less likely to feel unhealthy levels of stress.

Whether conscious or not, the way employees interact with their colleagues is influenced by how they see others interact. In addition, the way employees see other people act towards their colleagues in the workplace, shapes expectations about how others will act towards them.

Lower productivity is not the only impact of negative behaviour at work. Where such behaviours become entrenched, people may choose to leave; others may suffer psychological injury, with direct consequences for the organisation's liability and reputation.

Understanding workplace behaviours

In February 2013, the Authority published *Exploring Workplace Behaviours: From Bullying to Respect*. This research report contains key insights from research undertaken in two Victorian public sector organisations. The research suggests that employee perceptions of behaviours in the workplace are affected by the context in which the behaviour occurs. Employees may be more likely to interpret disrespectful behaviour as bullying where there are lower levels of trust in the organisation. Strong values based leadership, creating conflict resilient workplaces and ensuring that performance management systems reward good behaviour were found to improve trust within organisations.

Contractors and staff held to the same behavioural standards

As part of the *Review of Obligations of Contractors under the VPS Codes of Conduct* (see page 12), the Authority published a guidance note for managers engaging contractors to perform a public service function. The guidance note explains the different employment arrangements available and why the code of conduct needs to apply to anyone working in government.

Monitoring and improving

The PSSC investigates, monitors and reports on applications of the public sector values and employment principles.

Lobbyists

Under the *Victorian Government Professional Lobbyist Code of Conduct*, the PSSC is responsible for maintenance of the Lobbyists Register <www.lobbyistsregister.vic.gov.au>. During 2012-13, the number of companies registered decreased from 115 to 114.

Complaints

The PSSC 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. The PSSC also has broad powers under section 66 of the *Public Administration Act* to require information from public sector body heads about application of the public sector values and employment principles, as well as codes of conduct and standards. Those powers enable the PSSC to respond to complaints from any party that raises issues about the application of the values, employment principles, and the like.

The PSSC received 89 informal queries and a further 25 written complaints in the reporting period. As a result, four matters were progressed under the 'require information' provisions of section 66 and a further 17 dealt with as reviews under the 'review of actions' regulations.



WORKFORCE

Workforce planning is part art and part science. Its purpose is to ensure that organisations (in this case, Victorian public sector organisations) always have enough people with the right skills to meet organisational performance demands. This involves understanding potential gaps between current capabilities and what is required; conducting attraction and recruitment campaigns that get the best staff in a competitive labour market; developing the capabilities of staff so they can grow into future roles; designing the organisation so that staff capabilities are used to the greatest advantage; and working to keep high performing staff engaged with their work.

The State Services Authority (the Authority) undertakes a wide range of work in the area of workforce planning and development. This work assists public sector employers 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.

Workforce and organisational dynamics

The Authority is in a unique position to observe the challenges faced by the leaders and managers of Victorian public sector organisations.

Through its review work, consultancy activities, special projects, program management activities, and from analysis of the *People Matter Survey* results and other research activities, the Authority has developed deep expertise about strategies for managing workforces and organisational dynamics in a public sector context.


The Authority provides this expertise to Victorian public sector organisations through a range of activities, including publications, workshops, consultations, and the leadership of certain initiatives designed to build capability on a whole-of-government basis.

Leading public organisations series

Launched by the Authority in 2013, the *Leading Public Organisations* series takes key ideas from the latest academic research and management literature and joins them with practical insights gained from the Authority's review work and from extensive consultations with leaders in public sector organisations.

The series comprises three publications, each focusing on a key aspect of organisational dynamics:

- **Organisational design:** Organisational design is the art of dividing an organisation into operational parts and then connecting those parts through structure, systems, practices and behaviours. This guide provides ideas about when and how to redesign an organisation and how to test the new design. Particular emphasis is given to how information flows and position within a system should be incorporated into an organisation's design.
- **Organisational culture:** Organisational culture is the product of an alignment (or misalignment) between what individual employees value most and what needs to be valued most in order for the organisation to succeed. This guide provides ideas about how to assess whether an organisation's culture is functional or not, and what leaders can do to address a dysfunctional culture.

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- **Organisational change:** Organisational change is the process of moving from old structures, ways of working, values or ways of thinking to adopt new ones. Change in organisations is inevitable. This guide provides ideas about how to manage organisational change well and about how to create an organisation in which productive change can happen easily and naturally.

The series is supported by a series of presentations and workshops delivered by Authority staff at the request of public sector organisations in Victoria. The publications are available in hard copy format. The publications, associated tools and case studies, are also available from the Authority's website.

Managing a dispersed team

In June 2013, the Authority released a new guide for public sector managers whose direct reports work in a different location from them.

Managing a Dispersed Team in the Victorian Public Sector highlights the issues that managers need to think about when managing a dispersed team. The guide provides practical advice on how to apply good people management techniques to dispersed employees.

The guide is particularly useful for those who are taking on a new management role or for managers whose organisations have changed their work practices to require more tasks to be conducted at remote locations. Managers of individual staff who have requested changes to their work arrangements (e.g. to work from home on a regular basis) will also find the guide beneficial.

The guide is available from the Authority's website.

Recruitment services

The Authority 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 (online) an end-to-end recruitment and selection process, 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 2012-13, the eRecruitment system (via the Victorian Government's Careers website) handled 133,766 job applications. These applications were received for 3,516 job advertisements (for 12,621 roles), across 79 organisations.

In June 2013, the Authority released the Victorian Government Careers Mobile Application. Further information about the application is available on page 5.

VPS Careers Hub

In 2012-13, the Victorian Public Service Careers Hub was developed by the Authority in consultation with various Victorian Government departments and agencies. The Careers Hub is intended to allow greater career mobility and to assist in the promotion of secondment and development opportunities across the Victorian Public Service (VPS).

The Careers Hub is a site that VPS organisations can use to advertise roles to current VPS employees. Since the Hub's inception there have been 189,143 visits to the site for the 1,457 jobs advertised.

The Careers Hub is part of the VPS Hub – The Victorian Government Intranet.

Graduate Recruitment and Development Scheme

In 2013, the Graduate Recruitment and Development Scheme (GRADS) celebrates its thirtieth year of operation. Since 2005, the Authority has managed the scheme on behalf of participating VPS departments and agencies. The 93 positions of the 2013 cohort attracted 1,657 applications.

Private health insurance scheme

The Authority, 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.

In 2012-13, the Authority evaluated the scheme to ensure that the contract between the Victorian Government and HCF (Hospitals Contribution Fund) was meeting the objectives set out in the original tender. As a result of a positive evaluation, the contract was extended for a further two years (the maximum allowed under the contract).

Developing leaders

Victorian Leadership Development Centre

The Victorian Leadership Development Centre (VLDC) was established in 2009 by the State Coordination and Management Council. The Centre promotes sustainable, highly skilled, diverse and professional leadership capacity across the VPS.

The VLDC conducts three flagship programs:

- the executive leadership program aimed at high potential EO2 and experienced EO3 leaders;
- the senior executive leadership program aimed at high potential deputy secretaries and chief executive officers; and
- the secretary learning series aimed at all VPS departmental secretaries, the Chief Commissioner of Victoria Police and the Chair of the State Services Authority.

The VLDC conducted 75 events in 2012-13, with 740 attendees.

From the 2011 executive leadership program cohort (those who completed the program in November 2012), 55 per cent have since been promoted, while recording a 27 per cent improvement in on-the-job performance (out of a possible 40 per cent increase). In the 2012 executive leadership program cohort (at their mid-point review), 31 per cent have achieved improvements in their on-the-job performance (out of a possible 40 per cent increase) and 42 per cent have been promoted.

Other leadership programs

The Authority 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 2012, there were 24 enrolments for the 2013 ANZSOG Executive Masters of Public Administration and 11 participants for the Executive Fellows Program.

In addition, the Cranlana Colloquium for Future VPS Leaders, a program delivered by the Cranlana Programme Foundation, attracted 86 employee participants.

The Authority also continues to represent Victoria on the National Board of the Public Sector Management Program and the Government Skills Australia's Workforce Development Reference Group.

Careers scribe video

In 2012, the Authority commissioned a short animated 'scribe' video to raise awareness of career opportunities with the Victorian Government. The video features the key messages that underpin the employment brand of the Victorian Government – *more variety, more opportunity, more challenge - more than you'd imagine*.

Animated scenes take the viewer through a quick introduction to working with the Victorian Government, highlighting the fact that there are over 300 different types of roles across more than 260 government organisations within Victoria.

The video will shortly appear on the Careers and Graduates websites.

HIGHLIGHT

DIRECTORS' CONFLICTS OF INTEREST AND DUTY

Directors of public entities generally come to their role with a network of personal and professional relationships and interests. While many of these can be beneficial, some may give rise to conflicts between a director's private or other professional interests and their duty to act in the public entity's best interests. Failure to manage such conflicts can damage the reputation of both the individual director and their public entity, and erode trust in government.

Recognising the importance of this issue and the need to provide advice, the State Services Authority (the Authority) in March 2013, released *Conflicts of Interest and Duty: A Practical Guide for Directors of Public Entities*. The guide provides assistance to directors in identifying and managing any conflicts that may arise.

What are conflicts of interest and duty?

A conflict of interest occurs when directors have private interests that are in conflict with their duty to the public entity. Private interests may be financial or non-financial. A conflict of duty occurs when directors hold multiple directorships and the directors' duty to act in the best interest of one organisation is in conflict with their duty to act in the best interests of another.

A conflict of interest or duty may be actual, potential or perceived. A key test for identifying conflicts of interest or duty is the 'reasonable person' test. This is an objective test, meaning that it is decided based on what a reasonable outsider would think – not whether the person involved believes that they have a conflict.

Some roles and functions create greater risks for public entities than others, as do some personal associations and relationships. The guide details these higher risk areas and asks directors to consider their own risks in light of those mentioned.

Why are they a problem?

Failure to manage these types of conflicts appropriately can damage community confidence in the public entity, the personal reputation of directors and more broadly the effectiveness of government. It is not always possible to avoid conflicts, but it is always necessary to manage them appropriately and resolve them in the public interest.

How does the guide help?

The guide contains information on:

- the nature of conflicts (illustrated with examples);
- the obligations of public entity boards in Victoria to have processes to deal with conflicts;
- guiding principles for managing a conflict once it has arisen; and
- suggested processes for boards to manage the risk of conflict.

In addition, the Authority has developed a model conflict of interest policy that can be adapted by organisations to suit their own circumstances. Adopting this policy helps organisations to comply with their obligations under the *Public Administration Act 2004*.

The guide and model policy are available from the Authority website.



DATA COLLECTIONS

Each year the State Services Authority (the Authority) gathers a large amount of data primarily about public sector employees (through various annual data collection programs). Using this data, the Authority generates, reports and provides advice to government, public sector organisations and other stakeholders on the profile, trends and issues in relation to the public sector workforce. This work supports the Authority's goal of continually improving service delivery standards, governance and workforce development in the Victorian 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 Authority each year.

In 2012, approximately 298,000 individual records were collected (approximately 265,000 active records plus data on employee separations) on a range of demographic and workforce items from 222 public sector employers.

A further 56 small employers (those employing less than 50 staff) provided aggregate-level employee data (1,648 staff) and limited employee data relating to school councils was provided through the Department of Education and Early Childhood Development (3,600 staff).

Following the collection, tailored reports provide individual organisations with detailed data. 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* (the survey) is the second major data collection undertaken each year by the Authority. The survey measures the perception of Victorian public sector employees about the application of the public sector values and employment principles 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 can complete either an internet or paper-based questionnaire.

Surveying around 150 organisations each year, the intention is to cover the bulk of public sector entities and their employees over a two-year cycle.

In 2012, invitations to participate were extended to 75,152 public sector employees in 128 organisations, in addition 2,904 employees from 20 public community health services, and the Cancer Council Victoria. A total of 25,389 employees, or 33 per cent, completed the survey.

Conduct of the data collection for the 2013 survey was between March and June 2013. Approximately 108,000 employees from 143 organisations (including 21 Community Health Services and the Cancer Council of Victoria) were invited to participate. More than 34,000 employees or (approximately) 32 per cent completed the survey.

Participating organisations receive a series of detailed reports. In addition, survey results relevant to the total public sector (and industry sectors) are provided to general audiences at an aggregate level through the publication: *The State of the Public Sector in Victoria* Report. Conduct of further data analysis to support the Authority's work program takes place throughout the year.

Other collections

The Authority also manages other data collections: graduates, executives (employed in the Victorian Public Service and public entities), eRecruitment, the Government Appointments and Public Entities Database, the Lobbyists Register, and progression outcomes of public servants.



HIGHLIGHT INTERNATIONAL RECOGNITION

In March 2013, ARTDO International awarded the State Services Authority (the Authority) its 2013 Human Resource Development (HRD) Excellence Award. The conferring of the award on the Authority followed a unanimous decision of the Executive Board of ARTDO.

ARTDO International (formerly the Asian Regional Training and Development Organization) initiated an awards program in 1984 to recognise and honour individuals and institutions doing an outstanding job in the field of people development. Previous recipients of the award include the Asian Development Bank, Asian Institute of Management, Japan Productivity Centre, Power Grid Corporation of India, United Nations Industrial Development Organization and the National Civil Service Institute of Taiwan.

Invaluable role

In making this award to the Authority, ARTDO “was greatly impressed with the invaluable role of the State Services Authority in strengthening Victoria’s public sector and fostering a culture of continuous improvement in service delivery, workforce development and the governance of public utilities”.

The letter of citation went on to note “the SSA supports the public sectors in tackling a wide range of workforce issues such as recruitment, retention, professional development, remuneration and human resource management. It is axiomatic that serving the community is the fundamental purpose of public service”.

Collaboration

The award recognises the Authority’s collaboration with local, national and international and overseas public and private sector organisations in researching, developing, preparing and delivering programs and resources that reflect current and projected future needs. It also recognises the work the Authority does in providing reports, resource material and practical advice to leadership and human resource managers, and for the conduct of numerous seminars and workshops.

In making this award the ARTDO Board noted that the materials produced by the Authority were accessed and used by both public and private organisations, and overseas organisations like the Council of Europe, City of Calgary in Canada, and the New Zealand Department of Interior Affairs.

The Authority’s Chief Executive Officer, Pam White PSM, personally accepted the award at the 40th ARTDO International Leadership and HRD Conference at the Melbourne Convention and Exhibition Centre in April 2013.



STAKEHOLDER ENGAGEMENT

The State Services Authority (the Authority) has a number of strategies for promoting its products and publications, helping to extend the reach of its work, and fulfilling its key functions. A principal component of this is the Authority's event strategy, which principally includes On-demand presentations and related forums.

On-demand presentations

The Authority continues to deliver a range of presentations to Victorian public sector organisations. These presentations relate to the Authority's work, publications, major projects, knowledge sharing, and the delivery of best practice advice.

Topics covered in these presentations, include:

- governance
- workplace culture and performance
- workforce planning
- attraction and recruitment
- staff development and retention
- strengthening human resources (HR).

During 2012-13, the Authority delivered more than 45 presentations and workshops. The most popular presentations related to governance, workplace culture and performance.

A full list of all the On-demand presentations is available from the Authority's website.

International delegations

The Authority received a number of Chinese, Bangladeshi and Kenyan delegations throughout 2012-13. Presentations to these delegations focussed on topics including: the structure of government in Victoria and Australia; workforce planning; building capability and performance management; developing public sector managers; and public sector governance and financial management.

The Authority also provided speakers to a number of conferences and events held by other organisations, including the Institute of Public Administration Australia Victoria State Summit June 2013 and International Congress September 2012.

VPS Hub

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

- positive work environments
- ethics at work
- making flexible work a success
- governance
- conflict management
- strategic recruitment and the eRecruitment system
- the VPS GRADS.

As part of this work, the Authority offered members of the 'positive work environment' group the chance to hear Bill Eddy, President of the High Conflict Institute (based in the US) speak. More than 240 people attended Bill's seminar, *It's All Your Fault!* A further 25 people attended a follow-up workshop, conducted by Bill Eddy, to learn about practical tips for dealing with high conflict in the workplace.

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 Authority's Chair is also the Chair of GSERP, with consultancy and operational support provided by the employees of the Authority.

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 Authority's intellectual property

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

Authority's product	Organisation granted permission to adapt the Authority's product
Human Resource Capability Framework	Office of the Commissioner for Public Employment, Northern Territory
Gifts, Benefits and Hospitality Policy Framework	Integrity Commission, Tasmanian
GIFT test postcards	Public Sector Commission, Western Australian
Dealing with High Conflict Behaviours	Department of Education and Communities, New South Wales
Gifts, Benefits and Hospitality Policy Framework	Australian Health Practitioner Regulation Agency, South Australia
Talking Performance	Australian Broadcasting Commission

STATE SERVICES AUTHORITY WORK PROGRAM 2012-13

Section 73 of the *Public Administration Act 2004* requires the State Service Authority (the Authority) to submit to the Premier for approval a draft annual plan describing its proposed work program for the forthcoming financial year. The Authority 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 2013.



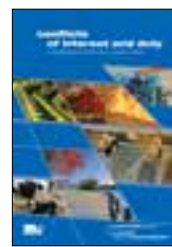
Final report to the Premier: 30 June 2013

Public Administration	Report date/outcomes
ANZSOG Research Partnership	Ongoing programs of events, research, and occasional papers
Working Paper #5: Current Themes in Public Administration	Victorian public sector
Listing of Employer Public Sector Bodies	Updates (ongoing)
The State of the Public Sector in Victoria 2011-12	Annual report to the Premier (and Parliament)
Reviews	Report data/outcomes
Review of Victoria's Approach to International Engagement	Report to the Premier July 2012
Review of Obligations of Contractors Under the VPS Codes of Conduct	Report to the Premier October 2012
Creating Asia Capability in the Victorian Public Service	Report to the State Coordination and Management Council August 2013
Review of the Management and Operation of Victoria's Corrections System	Report to the Premier August 2012
Review of the Implementation of Reports Relating to Victoria's Corrections System	Report to the Premier December 2012
Review of Governance and Accountability Systems for Asset Management in Social Housing	Report to the Secretary, Department of Human Services, September 2012





Research papers and toolkits	Target audience
21 Grievance Myths and Facts for the Victorian Public Service	Victorian Public Service managers and employees
2013 People Matter Survey Information Kit	Victorian public sector managers
Aboriginal Graduate Recruitment Framework: A Pathway to Increase Participation of Aboriginal Graduates in the Victorian Graduate Recruitment and Development Scheme	Victorian public sector managers
Conflicts of Interest and Duty: A Practical Guide for Directors of Public Entities	Directors of Victorian public sector entities
Employment Arrangements for Public Entities	Victorian public sector managers
Exploring Workplace Behaviours: From Bullying to Respect	Victorian Public Service managers and employees
Legal Form and Governance Arrangements for Public Entities (Revised May 2013)	Victorian public sector managers
Managing a Dispersed Team in the Victorian Public Sector	Victorian public sector managers
Organisational Change: An Ideas Sourcebook for the Victorian Public Sector	Victorian public sector senior managers
Organisational Culture: An Ideas Sourcebook for the Victorian Public Sector	Victorian public sector senior managers
Organisational Design: An Ideas Sourcebook for the Victorian Public Sector	Victorian public sector senior managers
Statistical Data Compendium 1999–2010: The Victorian State Government Workforce	Victorian public sector managers
Workforce Planning Risks and Challenges in the Victorian Public Sector: Update Report 2011	Victorian public sector managers
Service delivered	Delivered to:
People Matter Survey (PMS) - PMS 2012 organisational reports - Undertook PMS 2013	Victorian public sector
Workforce Data Collection - Undertook 2012 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 State Services Authority (the Authority) reflect its commitment to promoting best practice in the public sector and conducting its roles under the *Public Administration Act 2004*. The Authority published the publications listed here in 2012–13. A complete list of all publications is available on the Authority’s website. Publications may be downloaded in PDF format from the website.

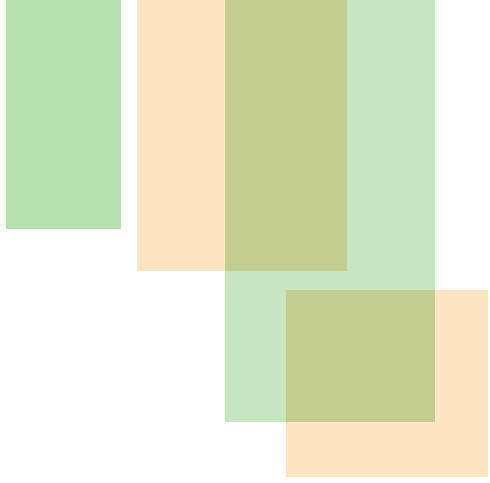
Publication	Description	
Guides and information sheets	<i>21 Grievance Myths and Facts for the Victorian Public Service</i>	
	<i>Aboriginal Graduate Recruitment Framework: A Pathway to Increase Participation of Aboriginal Graduates in the Victorian Graduate Recruitment and Development Scheme</i>	
	<i>Conflicts of Interest and Duty: A Practical Guide for Directors of Public Entities</i>	






Publication	Description	
<i>Employment Arrangements for Public Entities</i>	This guide provides advice on employment issues to consider when establishing a new public entity in Victoria.	
<i>Legal Form and Governance Arrangements for Public Entities (Revised May 2013)</i>	These guidelines provide advice for Victorian Government employees in establishing a public entity or reviewing existing public entities. This revised version contains information updated to reflect machinery of government changes, effective at May 2013.	
<i>Managing a Dispersed Team in the Victorian Public Sector</i>	This guide provides information, advice and tools to managers, and explains the key attributes that help a dispersed team to function best.	
<i>Organisational Change: An Ideas Sourcebook for the Victorian Public Sector</i>	This guide sheds light on some common issues for public sector leaders and managers in relation to organisational change.	
<i>Organisational Culture: An Ideas Sourcebook for the Victorian Public Sector</i>	This guide sheds light on some common issues for public sector leaders and managers in relation to organisational culture.	



	Publication	Description	
	<i>Organisational Design: An Ideas Sourcebook for the Victorian Public Sector</i>	This guide sheds light on some common issues for public sector leaders and managers in relation to organisational design.	
Kits	<i>2013 People Matter Survey Information Kit</i>	This kit contains information for organisations participating in the <i>People Matter Survey</i> .	
Reports and research papers	<i>Annual Report 2011-2012</i>	This annual report covers the reporting period 1 July 2011 – 30 June 2012.	
	<i>Exploring Workplace Behaviours: From Bullying to Respect</i>	This research report explores employee perceptions of a range of workplace behaviours from respect to bullying in two organisations.	
	<i>Statistical Data Compendium 1999–2010: The Victorian State Government Workforce</i>	This report presents statistical data on the Victorian public sector workforce against selected key employment measures.	

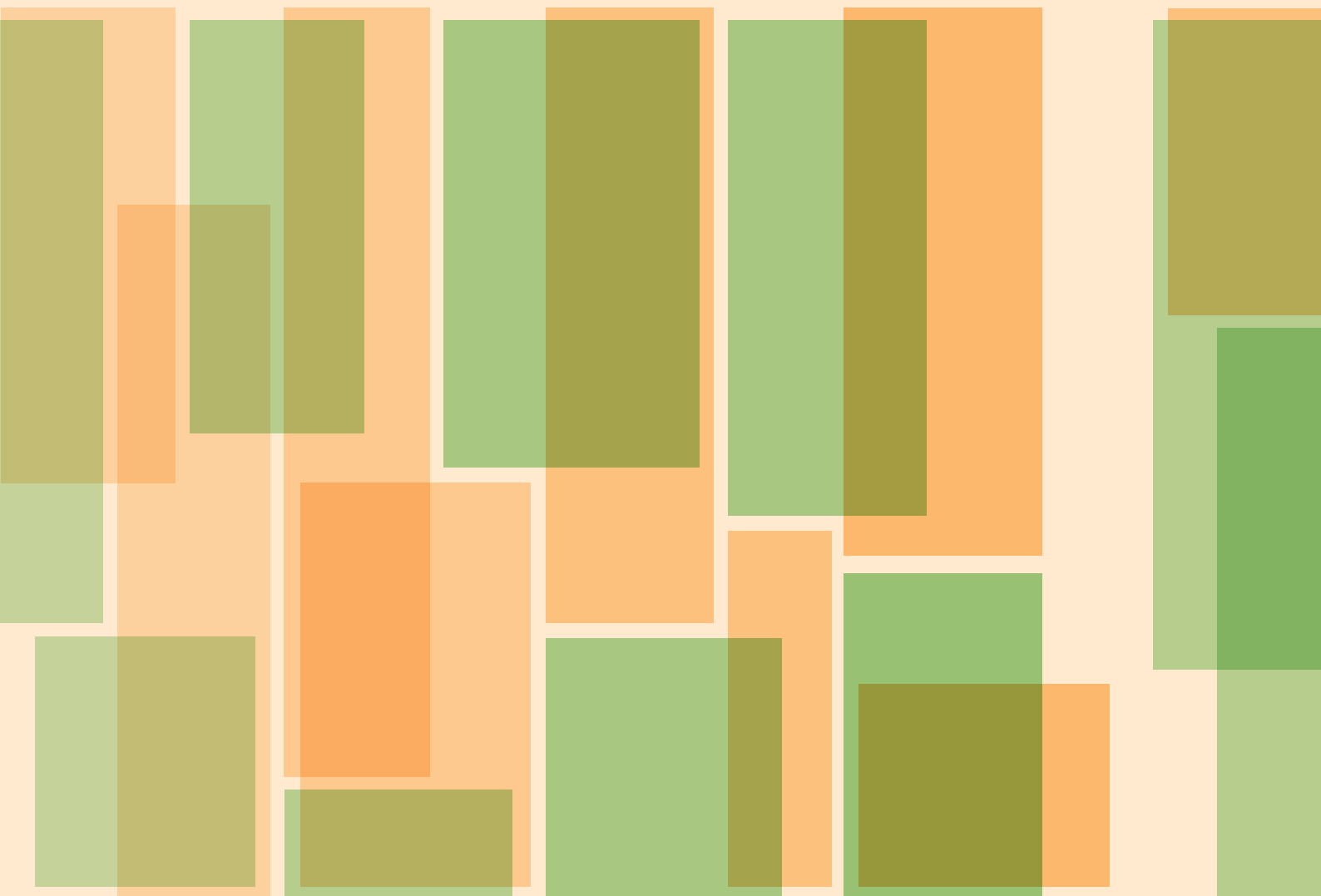


Publication	Description	
<i>The State of the Public Sector in Victoria 2011-12</i>	The State of the Public Sector in Victoria Report for 2011-2012.	
<i>Workforce Planning Risks and Challenges in the Victorian Public Sector: Update Report 2011</i>	This report identifies what Victorian public sector organisations have been doing to address workforce risks since 2006 and beyond.	
<i>Working Paper #4: Current Themes in Public Administration</i>	This Working Paper explores the current themes in public administration.	





STATE SERVICES AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013



Comprehensive operating statement

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Income from transactions			
Grants	2	10,038,485	12,337,817
Provision of services	2	1,597,340	979,780
Total income from transactions		11,635,825	13,317,597
Expenses from transactions			
Employee benefits	3	6,780,089	7,462,781
Depreciation	3	174,928	137,112
Finance lease interest		4,624	1,708
Resources provided free of charge	1(f)	520	-
Capital asset charge	1(f)	67,000	67,000
Supplies and services		5,140,954	5,686,929
Total expenses from transactions		12,168,115	13,355,530
Net result from transactions		(532,290)	(37,933)
Other economic flows included in net result			
Net gain/(loss) on disposal of property, plant and equipment		(12,311)	6,729
Net gain/(loss) arising from revaluation of long service leave liability		14,191	(24,472)
Total other economic flows included in net result		1,880	(17,743)
Net result		(530,410)	(55,676)
Comprehensive result		(530,410)	(55,676)

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

Balance sheet

As at 30 June 2013

	Notes	2013 \$	2012 \$
Assets			
Financial assets			
Cash on hand		600	600
Receivables	4	4,377,091	5,042,741
Total financial assets		4,377,691	5,043,341
Non-financial assets			
Non-financial assets classified as held for sale		-	9,964
Prepayments		35,645	-
Property, plant and equipment	5	476,928	577,246
Intangible assets	6	335,822	391,793
Total non-financial assets		848,395	979,003
Total assets		5,226,086	6,022,344
Liabilities			
Creditors and accruals		257,029	234,101
Provisions	7	1,823,976	1,989,170
Unearned income		117,992	172,000
Borrowings	8	83,117	152,691
Total liabilities		2,282,114	2,547,962
Net assets		2,943,972	3,474,382
Equity			
Contributed capital		11,318	11,318
Accumulated surplus		2,932,654	3,463,064
Total equity		2,943,972	3,474,382

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

Statement of changes in equity

For the year ended 30 June 2013

	Contributed capital	Accumulated surplus	Total
Notes	\$	\$	\$
Balance at 1 July 2011	11,318	3,518,740	3,530,058
Net result for the year		(55,676)	(55,676)
Balance at 30 June 2012	11,318	3,463,064	3,474,382
Net result for the year		(530,410)	(530,410)
Balance at 30 June 2013	11,318	2,932,654	2,943,972

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 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from government		12,252,547	13,728,876
Payments to suppliers and employees		(12,074,544)	(13,638,407)
Capital asset charge paid		(67,000)	(67,000)
Interest paid		(4,624)	(1,708)
Net cash flows from operating activities	16	106,379	21,761
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		12,091	90,321
Payments for property, plant and equipment		(90,908)	(9,317)
Payments for intangible assets		-	(977)
Net cash flows from/(used in) investing activities		(78,817)	80,027
Cash flows from financing activities			
Repayment of finance leases		(27,562)	(101,788)
Net cash flows used in financing activities		(27,562)	(101,788)
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

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

Notes to the financial statements

30 June 2013

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 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.

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

(c) Reporting entity

The financial statements include all the controlled activities of the State Services Authority. 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 State Services Authority was established under the *Public Administration Act 2004*. Its principal address is 3 Treasury Place, Melbourne Victoria 3002

Administered resources

The Authority 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 Victorian Government has vested the State Services Authority with functions designed to foster 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 functions of the Authority are to:

1. Identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;
2. Promote high standards of integrity and conduct in the public sector;
3. Strengthen the professionalism and adaptability of the public sector; and
4. Promote high standards of governance, accountability and performance for public entities.

The Authority 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 State Services Authority in the form of grants.

(d) Scope and presentation of financial statements
Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. 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 movements in equity 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 Authority and the income can be reliably measured.

Grants

Income from grants (other than contributions by owners) is recognised when the Authority obtains control over the contribution. Where grants are reciprocal (i.e. equal value is given by the Authority to the provider), the Authority 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 Authority.

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 2013 and 30 June 2012 are as follows:

Building fitouts	10 years
Computer equipment	4 years
Furniture and fittings	10 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 costs which 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 another 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 Authority 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 Authority 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 Authority 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.

(j) 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.

Non-financial assets classified as held for sale

Non-financial physical assets are classified as held for sale and treated as current assets if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate use in the current condition and the sale is highly probable and is expected to be completed within one year from the date of classification. Non-financial assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

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 Authority.

(j) Liabilities

Creditors and accruals

Creditors and accruals represent liabilities for goods and services provided to the Authority 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 Authority 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 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 settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by employees up to reporting date. The liability is classified as a current liability where the Authority 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 Authority has an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite 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 Authority 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) New Accounting Standards and Interpretations

As at 30 June 2013, the following standards and interpretations (applicable to the Authority) had been issued but were not mandatory for the 30 June 2013 reporting period. The Authority 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 January 2015. Impacts will be assessed subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairment and hedge accounting.

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 exposure draft ED 238 *Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit 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 January 2014. Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the Authority will re-assess the nature of its relationships with other entities, including those that are currently not consolidated.

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 January 2014. Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations and any modifications made to AASB 11 for not-for-profit entities, the Authority will assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.

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*. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective. Applicable for annual reporting periods beginning on 1 January 2014. Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 *Investments in Associates and Joint Ventures*.

AASB 13 Fair Value Measurement. This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs. Applicable for annual reporting periods beginning on 1 January 2013. Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required for assets measured using depreciated replacement cost.

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 January 2014. Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.

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 January 2014. Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.

AASB 1053 Application of Tiers of Australian Accounting Standards. This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. Applicable for annual reporting periods beginning on 1 July 2013. The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.

2013	2012
\$	\$

Note 2. Income from transactions

Grants

Grants from Department of Premier and Cabinet	9,397,780	11,447,930
Other grants from Victorian Government agencies	640,705	889,887
Total grants	10,038,485	12,337,817

Provision of services

Training for Departmental Graduate Recruitment Scheme	1,189,278	907,280
Other services	408,062	72,500
Total provision of services	1,597,340	979,780

Other grants from Victorian Government agencies prior to 30 June 2012 include contributions paid into a trust, from which related expenditure was incurred post 30 June 2012.

Note 3. Expenses from transactions

Expenses from transactions includes:

Employee benefits

Salaries and wages	5,323,736	5,919,848
Superannuation		
- Defined contribution plans	386,375	451,079
- Defined benefits expense	134,218	173,489
Annual and long service leave expense	577,259	461,926
On-costs	358,501	456,439
Total employee benefits	6,780,089	7,462,781

Depreciation

Building fitouts	75,005	89,152
Office and computer equipment	25,663	30,923
Motor vehicles under finance lease	18,289	17,037
Intangible assets	55,971	-
Total depreciation	174,928	137,112

2013	2012
\$	\$

Note 4. Receivables

Current:

Contractual	333,376	343,660
Debtors	333,376	343,660

Statutory

Amounts receivable from government departments	3,854,265	4,480,535
GST recoverable	19,333	14,253
	3,873,598	4,494,788

Total current receivables	4,206,974	4,838,448
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Non-current:

Statutory		
Amounts receivable from government departments	170,117	204,293
Total non-current receivables	170,117	204,293

Total receivables	4,377,091	5,042,741
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Note 5. Property, plant and equipment

Building fitouts - at fair value	943,790	877,498
Less: accumulated depreciation	(568,689)	(495,315)
	375,101	382,183
Office and computer equipment – at fair value	94,245	177,115
Less: accumulated depreciation	(74,238)	(124,174)
	20,007	52,941
Motor vehicles under finance lease	104,730	148,966
Less: accumulated depreciation	(22,910)	(6,844)
	81,820	142,122
Total property, plant and equipment	476,928	577,246

Reconciliation of movements

<i>Building fitouts (including construction in progress)</i>		
Carrying amount at start of the year	382,183	462,018
Additions	90,910	9,317
Disposals	(7,687)	-
Depreciation expense (note 3)	(75,005)	(89,152)
Derecognition of restoration obligation	(15,300)	-
Carrying amount at end of the year	375,101	382,183
<i>Office and computer equipment</i>		
Carrying amount at start of the year	52,941	83,864
Disposals	(6,751)	-
Transfers free of charge	(520)	-
Depreciation expense (note 3)	(25,663)	(30,923)
Carrying amount at end of the year	20,007	52,941
<i>Motor vehicles under finance lease</i>		
Carrying amount at start of the year	142,122	103,749
Additions	-	148,966
Disposals	(42,013)	(83,592)
Transfer to non-financial assets classified as held for sale	-	(9,964)
Depreciation expense (note 3)	(18,289)	(17,037)
Carrying amount at end of the year	81,820	142,122

2013	2012
\$	\$

Note 6. Intangible assets

Capitalised software development – at cost	391,793	391,793
Less: accumulated depreciation	(55,971)	-
	<u>335,822</u>	<u>391,793</u>

Carrying value at start of the year	391,793	390,816
Additions	-	977
Depreciation expense (note 3)	(55,971)	-
Carrying value at end of the year	<u>335,822</u>	<u>391,793</u>

Note 7. Provisions

Current:

Employee benefits		
- Annual leave	429,855	472,706
- Long service leave		
Expected to be paid within 12 months	98,634	108,889
Expected to be paid after 12 months	1,040,370	1,102,982
- Performance bonus	85,000	85,000
Restoration costs	-	15,300
	<u>1,653,859</u>	<u>1,784,877</u>

Non-current:

Employee benefits		
- Long service leave	170,117	204,293

Total provisions	<u>1,823,976</u>	<u>1,989,170</u>
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2013	2012
\$	\$

Movements in provisions other than employee benefits

Restoration costs		
Carrying amount at start of year	15,300	
Provision no longer required	(15,300)	
Carrying amount at end of year	<u>-</u>	

	2013	2012
	\$	\$
Note 8. Borrowings		
Secured		
Current lease liabilities	18,570	35,818
Non-current lease liabilities	64,547	116,873
Total borrowings	83,117	152,691

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	81,820	142,122
Motor vehicles classified as held for sale	-	9,964
	81,820	152,086

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	
			2012 \$	2013 \$
Cash		Cash	600	600
Receivables*	4	Loans and receivables	333,376	343,660
			333,976	344,260
Financial liabilities				
Creditors and accruals		Financial liabilities at amortised cost	257,029	234,101
Borrowings	8	Financial liabilities at amortised cost	83,117	152,691
			340,146	386,792

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	(4,624)	(1,708)
		(4,624)	(1,708)

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

Credit risk associated with the Authority's financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, it is the Authority's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. The Authority 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 Authority'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 Authority 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 Authority's contractual financial assets:

	Past due but not impaired					
	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months-1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2013						
Receivables	333,376	57,500	181,280	46,369	48,227	-
2012						
Receivables	343,660	11,330	1,815	330,515	-	-

The carrying amounts disclosed here exclude statutory amounts.

(d) Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority 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 Authority'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 following table discloses the contractual maturity analysis for the Authority's financial liabilities:

	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months-1 year	1-5 years	Greater than 5 years
	\$	\$	\$	\$	\$	\$	\$
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	-
2012							
Creditors and accruals	234,101	234,101	234,101	-	-	-	-
Borrowings	152,691	172,211	12,857	5,751	25,882	127,721	-
	386,792	406,312	246,958	5,751	25,882	127,721	-

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

(e) Market risk

The Authority has no exposure to interest rate, foreign currency or other price risks.

(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.

2013	2012
\$	\$

Note 10. Commitments for expenditure

Outsourcing commitments

Commitments under outsourcing for recruitment services, payable:

Within one year	301,237	108,340
Later than one year but not later than five years	-	-
	301,237	108,340

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	114,755	96,612
Later than one year but not later than five years	243,082	13,520
	357,837	110,132

Finance lease liabilities

Commitments in relation to finance leases are payable as follows:

Within one year	23,516	44,490
Later than one year but not later than five years	67,414	127,721
Minimum lease payments	90,930	172,211
Less: future finance charges	(7,813)	(19,520)
Total lease liabilities	83,117	152,691

Shown in the financial statements (note 8) as:

Current	18,570	35,818
Non-current	64,547	116,873
	83,117	152,691

Note 11. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets for the State Services Authority at 30 June 2013 or at 30 June 2012.

Note 12. Responsible persons

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

Responsible Minister	The Hon Ted Baillieu, MP, Premier (to 6 March 2013)
	The Hon Denis Napthine, MP, Premier (from 6 March 2013)
Accountable Officer	Karen Cleave, Chief Executive Officer (to 16 July 2012)
	Pamela White, Acting Chief Executive Officer (from 16 July 2012)

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	
	2013 No.	2012 No.	2013 No.	2012 No.
\$80,000 - \$89,999			-	1
\$100,000 - \$109,999	-	1		
\$120,000 - \$129,999	1	-	1	-
\$150,000 - \$159,999			1	1
\$160,000 - \$169,999	1	1	1	-
\$170,000 - \$179,999	-	1	-	1
\$180,000 - \$189,999	1	-	-	1
\$200,000 - \$209,999	-	1	-	1
\$210,000 - \$219,999	-	1	2	1
\$220,000 - \$229,999	2	-		
\$230,000 - \$239,999	-	1	1	1
\$250,000 - \$259,999	-	1		
\$260,000 - \$269,999	1	-		
Total numbers	6	7	6	7
Total amount (\$)	1,180,861	1,346,912	1,112,089	1,249,474
Total annualised employee equivalents	5.9	6.4	5.9	6.4

Note 14. Remuneration of auditors

	2013 \$	2012 \$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the annual financial statements	14,000	13,900

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

Remuneration

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

Remuneration range	2013 No.	2012 No.
\$200,000 - \$209,999	1	-
\$280,000 - \$289,999	1	-
\$310,000 - \$319,999	-	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 15. Superannuation

Employees of the Authority are entitled to receive superannuation benefits and the Authority 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 Authority does not recognise any defined benefit liability in respect of the plans because the Authority 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 Authority.

The Authority 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 Authority 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

	2013	2012
	\$	\$
Net result	(530,410)	(55,676)
Depreciation	174,928	137,112
(Profit)/loss on disposal of non-current assets	12,311	(6,729)
Resources provided free of charge	520	-
Change in operating assets and liabilities		
(Increase)/decrease in receivables	665,649	581,458
(Increase)/decrease in prepayments	(35,645)	40,170
Increase/(decrease) in creditors and accruals	22,928	(411,932)
Increase/(decrease) in provisions	(149,894)	(122,142)
Increase/(decrease) in other liabilities	(54,008)	(140,500)
Net cash flows from operating activities	106,379	21,761

Note 17. Non-cash financing and investing activities

During the period, motor vehicles with a fair value of \$nil (2012 - \$148,966) were acquired by means of finance leases.

During the period, assets amounting to \$520 (2012 - \$nil) were transferred from the Authority 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 Authority which are included in the balance sheet, comprehensive operating statement and cash flow statement, the Authority 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 2013, administered revenue amounted to \$2,864 (2012 - \$7,930). This revenue was initially paid into Consolidated Fund, and under Section 29 of the *Financial Management Act 1994*, returned to the Authority as grants revenue (see note 2). Administered receivables at 30 June 2013 amounted to \$616 (2012 - \$2,000).

Note 19. 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

Comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

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 expenses

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

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main Statements (i.e. comprehensive operating statement, balance sheet, cash flow statement, and statement of changes in equity); or it may also be used to include the main statements and the notes.

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 revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

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

Other economic flows 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 Authority.

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 State Services Authority 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 2013 and the financial position of the Authority as at 30 June 2013.

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 2013.



Joe Bonnici

Chief Financial Officer
Department of Premier and Cabinet

Melbourne
27 August 2013



Pamela White

Acting Chief Executive Officer
State Services Authority

Melbourne
27 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Commissioners', State Services Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the State Services Authority 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 Chairperson and Commissioners' Responsibility for the Financial Report

The Chairperson and Commissioners of the State Services Authority are 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 Chairperson and Commissioners determine 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.

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 Chairperson and Commissioners, 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 State Services Authority as at 30 June 2013 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 statements of the State Services Authority for the year ended 30 June 2013 included both in the State Services Authority's Annual Report and on the website. The Chairperson and Commissioners of the State Services Authority are responsible for the integrity of the State Services Authority's website. I have not been engaged to report on the integrity of the State Services Authority'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.



for John Doyle
Auditor-General

MELBOURNE
28 August 2013

Attestations by the Chief Executive Officer

I, Pam White certify that the State Services Authority 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 the State Services Authority has been critically reviewed within the last 12 months.

I, Pam White certify that the State Services Authority has complied with Ministerial Direction 4.5.5.1 – Insurance.

A handwritten signature in black ink, appearing to read 'P. White', with a long horizontal line extending to the right.

Pam White
Accountable Officer

Melbourne
30 August 2013

ADDITIONAL INFORMATION

Changes in financial position

There were no significant changes in the financial position of the Authority for the period 1 July 2012 to 30 June 2013.

Consultancies

See table 4 on page 65. In addition, during the financial year, the Authority engaged 29 consultancies, where the total fees payable to a consultant was less than \$10,000, for a total of \$119,969.45 (excl. GST).

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)
677	0	0	0.00%	572	16,221

Paper		
Total units of paper used (A4 reams equivalent)	Reams of paper used per FTE	Percentage of recycled content paper purchased (%)
510	12	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
10,978	4,597	0.75	0.16	140,298	70% 0% 0%

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 by weight)	Greenhouse gas emissions associated with waste disposal (tonnes CO ₂ -e)	
Landfill	Other [#]	Landfill	Other [#]		Landfill	Other [#]
239	702	6	17	74.61%	0	1

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)
817	20	1

Greenhouse gas emissions

Total greenhouse gas emissions from energy use (t CO ₂ e)	246.33
Total greenhouse gas emissions from vehicle use (t CO ₂ e)	0.75
Total greenhouse gas emissions from air travel (t CO ₂ e)	25.25
Total greenhouse gas emissions from waste (t CO ₂ e)	0.73
Greenhouse gas emissions offsets purchased (t CO ₂ e)	0.00

^{*}This includes vehicles for Authority 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 Authority's waste audit.

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



Corporate governance and risk management

The Authority's Audit and Risk Management Committee acts as an advisory service to the accountable officer (the Authority's Chief Executive Officer) and ensures the Authority discharges its responsibilities as prescribed in the *Financial Management Act 1994* and *Audit Act 1998*, other relevant legislation and prescribed requirements. 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), Colin Twisse (Executive Director, Executive and Ministerial Services Division, Department of Education and Early Childhood Development), and Paul Bradshaw (Principal Adviser, Projects, State Services Authority). Invitees include Bruce Hartnett (the Chair, State Services Authority), Pam White (Acting Chief Executive Officer, State Services Authority), Joe Bonnici (Chief Financial Officer, Finance and Technology Services, Departments of Treasury and Finance; and Premier and Cabinet, and the State Services Authority), Timothy Maxfield (Performance Audit Manager, Office of Auditor-General, Victoria), Paul Eate, (Director, Standards and Corporate, State Services Authority), Mark Ryan (Committee Secretary; Business Services Manager, State Services Authority), and Jean-Marc Imbert, Tim Pittaway and Jaime Lam, RSM Bird Cameron, the Authority's internal auditors.

Extent and compliance with the Building Act 1993

The Authority is not responsible for any publicly owned buildings.

Freedom of information

The Authority is an 'agency' for the purposes of the *Freedom of Information Act 1982* (the Act) and is therefore subject to this Act. The Authority has met its responsibilities for implementing the Government's freedom of information policy in 2012–13.

Human resource strategy

The Authority 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 Authority. The Authority 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 Authority's information on compliance is included in the DPC Annual Report.

Occupational health and safety

The Authority has a clear and uncompromising commitment to OH&S compliance as well as general staff health and well-being. During the reporting year, the Authority had:

- three WorkCover claims
- one fire warden training
- two ergonomic assessments
- two first aid supply audits
- three workplace inspections
- 21 flu vaccinations.



Other information

The following information, where it relates to the Authority and is relevant to the financial year 2012–13 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 Authority 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 Chief Executive Officer made five appointments during the period.

Upholding public sector conduct

The Authority 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 Authority did not commence or conclude any contracts to which VIPP applied.

Protected Disclosure Act 2012

The Whistleblowers Protection Act 2001 was repealed on 10 February 2013 by section 83 of the *Protected Disclosure Act 2012*.

As required by section 70 of the *Protected Disclosure Act 2012*, the following is reported for the period 10 February 2013 to 30 June 2013:

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

As required by section 104 of the former *Whistleblowers Protection Act 2001* (the Act), the following is reported for the period 1 July 2012 to 10 February 2013:

- the number and types of disclosures made to the Authority – Nil
- the number of disclosures referred by the Authority to the Ombudsman (to determine whether they are public interest disclosures) – Nil
- the number and types of disclosures referred to the Authority by the Ombudsman – Nil
- referred by the Authority to the Ombudsman to investigate – Nil
- the number and types of investigations of disclosures taken over by the Ombudsman from the Authority – Nil
- the number of requests by complainants to have their disclosures investigated by the Ombudsman due to their dissatisfaction with the way the Authority is investigating the matter (the circumstances are set out in section 74 of the Act) – Nil
- the number and types of disclosed matters that the Authority has declined to investigate – Nil
- the number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation – Nil
- any recommendations of the Ombudsman under the Act that relate to the Authority – Nil.

Workforce data

Table 2: Workforce data – States Services Authority staff as at 30 June 2013

Ongoing employees					Fixed term and casual employees	
	Number (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
June 2013						
SSA	44	36	8	41.24	1	0.60
VLDC	2	2	0	2.00	1	1.00
June 2012						
SSA	50	40	10	47.74		0.00
VLDC	4	3	1	3.90		1.00

	June 2013			June 2012		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
Gender						
Female	29	26.24	0.00	34	31.64	1.00
Male	17	17.00	1.60	19	19.00	0.00
Age						
Under 25	1	1.00	0.60	2	2.00	0.00
25–34	6	6.00	0.00	10	10.00	0.00
35–44	17	14.85	1.00	17	15.50	1.00
45–54	11	10.39	0.00	14	13.14	0.00
55–64	11	11.00	0.00	10	10.00	0.00
Over 64	0	0.00	0.00	0	0.00	0.00
Classification						
Secretary Executive	7	6.80	0.00	9	9.00	0.00
STS	3	3.00	0.00	2	2.00	0.00
Grade 6	9	8.55	0.00	8	8.00	0.00
Grade 5	14	12.89	1.00	16	14.64	0.00
Grade 4	8	7.40	0.00	10	9.40	1.00
Grade 3	5	4.60	0.00	7	6.60	0.00
Grade 2	0	0.00	0.60	1	1.00	0.00
Grade 1	0	0.00	0.00	0	0.00	0.00
Legal Officer	0	0.00	0.00	0	0.00	0.00
Casual	0	0.00	0.00	0	0.00	0.00
Other	0	0.00	0.00	0	0.00	0.00

Disclosure index

This annual report of the Authority 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	10
FRD 22B	Objectives, functions, powers and duties	10
FRD 22B	Nature and range of services provided	10
Management and structure		
FRD 22B	Organisational structure	6
Financial and other information		
FRD 22B	Operational objectives and performance against objectives	65
FRD 22B	Major changes or factors affecting performance	65
FRD 22B	Statement of National Competition Policy	60
FRD 12A	Disclosure of major contracts	65
FRD 22B	Occupational health and safety	60
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FRD 25	Victorian Industry Participation Policy disclosures	61
FRD 29A	Statement of workforce data and application of merit and equity	63
FRD 22B	Application and operation of the <i>Freedom of Information Act 1982</i>	60
FRD 22B	Application and operation of the <i>Protected Disclosure Act 2012</i>	62
FRD 22B	Significant changes in financial position	58
FRD 22B	Details of Consultancies	65
FRD 22B	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	60
FRD 22B	Statement of availability of other information	61
FRD 24B	Reporting of office-based environmental impacts	58
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Victorian Government Risk Management Framework		
	Attestations by the Chief Executive Officer	57

Table 3: Performance against key indicators

Performance measures		Unit of measure	12 Month Target (ended 30 June 2013)	12 Month Results (ended 30 June 2013)
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	100	111 ^A
Quantity	Referred reviews underway or completed, aimed at improving service delivery, governance, and/or public administration efficiency and effectiveness	number	10	10
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	100 ^B
Comments:	^A Presentations and events are based on demand from organisations, particularly public sector entities, as their needs require. ^B All reviews were conducted within initial anticipated timelines and agreements.			

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

Consultant/Payee	Details	Start date	End date	Total approved fee (Excl. GST)	Expenditure 2012-13 (Excl. GST)	Future Expenditure
Australian Survey Research Group Pty Ltd	Web surveying services questionnaires and data entry for the 2012 People Matter Survey	30/04/2012	27/06/2012 [#]	\$56,172.26	\$56,172.26	-
Greg Williams	Review of the Planning Portfolio	28/05/2012	27/12/2012	\$10,000.00	\$10,000.00	-
Pricewaterhousecoopers	Provision of superannuation consultancy services	30/05/2012	5/06/2012 [#]	\$10,500.00	\$10,500.00	-
Altis Consulting Pty Ltd	SSA Reporting Capability Project	1/06/2012	3/06/2012 [#]	\$105,536.50	\$105,536.50	-
Hay Group Pty Limited	Remuneration review	1/06/2012	1/08/2012	21,000.00	\$21,000.00	-



Michael Palmer	Review of the implementation of reports relating to the management and operations of Victorian Corrections system	6/06/2012	27/07/2012	\$109,977.77	\$109,977.77	-
Greg Williams	Review of the Management and Operations of Victoria's Corrections system	2/07/2012	8/08/2012	\$36,000.00	\$36,000.00	-
Andrew Shearer	Review of Victoria's Approach to International Engagement	20/07/2012	7/08/2012	\$35,000.00	\$35,000.00	-
Hay Group Pty Limited	Remuneration review	1/09/2012	1/12/2012	\$23,300.00	\$23,300.00	-
Greg Williams	Governance and accountability arrangement systems for asset management in social housing	4/09/2012	12/10/2012	\$20,000.00	\$20,000.00	-
Charlwood Design Pty Ltd	Dr Julie Caldecott for special review	9/09/2012	9/10/2012	\$34,187.04	\$34,187.04	-
Colin Claridge	Victoria's Corrections System (extension of original contract from 20 to 50 days)	13/09/2012	23/11/2012	\$10,500.00	\$10,500.00	-
Mercer (Australia) Pty Ltd	Remuneration review	1/01/2013	1/02/2013	\$79,090.91	\$79,090.91	-
Australian Survey Research Group Pty Ltd	Web surveying services printing and distribution of paper questionnaires and data entry processing for the People Matter Survey 2013	21/01/2013	30/06/2013	\$110,621.36	\$110,621.36	-
Cerno Ltd	Consulting fees for debriefs and write ups	27/03/2013	2/05/2013	\$29,040.00	\$29,040.00	-
Highview Partners	SSA Strategic Review Project consultations	8/05/2013	19/06/2013	\$30,295.48	\$30,295.48	-

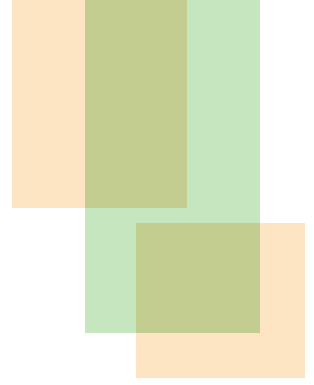
invoice received after 30 June 2012



Notes



Notes





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