

Victorian Public Sector Commission

Annual Report 2020-21



**Victorian
Public Sector
Commission**



Responsible body's declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Victorian Public Sector Commission's Annual Report for the year ending 30 June 2021.

A handwritten signature in black ink, appearing to read 'Adam Fennessy', with a stylized flourish at the end.

Adam Fennessy PSM

Commissioner

Victorian Public Sector Commission

25 October 2021

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Report of operations

Section 1

Year in review

Message from the Commissioner

I'm pleased to present the Victorian Public Sector Commission's Annual Report 2020-21, the first under our strategic plan 2020-23.

To achieve our vision, a trusted public sector that delivers exceptional outcomes for the Victorian community, we are focusing on 4 strategic priorities.

The priorities are:

- promoting workforce reform
- supporting a positive employee experience
- developing outstanding leadership
- promoting public trust.

This report explains our work in relation to the priorities. It also summarises our performance in terms of service effectiveness and efficiency.

The public sector workforce has adapted quickly to maintain continuity of community services during COVID-19.

The Commission supported at key points:

- We led the employee mobility response to COVID-19, establishing relief pools on the Jobs and Skills Exchange to meet surge demand for executive and administration roles.
- We published a guide to maintaining integrity when working remotely, including tips on conduct and information security to reduce integrity risk.
- We conducted an employee wellbeing check survey and developed a 12-module wellbeing toolkit. The toolkit helps managers and their teams alleviate stress and promote respect.

- We revised the flexible work policy for the Victorian Public Service. Flexible work supports gender equity, diversity, productivity and work life balance.

In addition, the Commissioner accepted a recommendation from the COVID-19 Hotel Quarantine Inquiry to give guidance across the public service about the lines of accountability and responsibility between Ministers and Secretaries.

The guidance will provide advice about Secretaries' obligations and responsibilities when informing and advising Ministers.

Our work supports an inclusive, high-performing and engaged workforce that is trusted by the community to act with professionalism and integrity.

Adam Fennessy PSM

Commissioner

Victorian Public Sector Commission

About us

Objectives and functions

The Victorian Public Sector Commission was established in 2014. Our objectives are set out in the Public Administration Act 2004, each with supporting functions.

Our first objective is to strengthen the efficiency, effectiveness and capability of the public sector to meet existing and emerging needs and deliver high quality services.

We do this by:

- assessing, advising and supporting on issues relevant to public sector administration, governance, service delivery and workforce management and development
- researching and disseminating best practice in relation to public sector administration, governance, service delivery and workforce management and development
- collecting and reporting on whole of government data
- conducting inquiries as directed by the Premier.

Our second objective is to maintain and advocate for public sector professionalism and integrity.

We do this by:

- advocating for an apolitical and professional public sector
- issuing and applying codes of conduct and standards
- monitoring and reporting to public sector body Heads on compliance with the public sector values, codes of conduct, and public sector employment principles and standards
- reviewing employment related actions and making recommendations following those reviews
- maintaining a register of lobbyists and a register of instruments.

The powers of the Commission are listed in [section 41](#) of the Public Administration Act 2004.

Vision and strategy

Our vision is a trusted public sector that delivers exceptional outcomes for the Victorian community. We prioritise work that supports outcomes in our [strategic plan 2020-23](#).

The outcomes are:

- an integrated and future-focused public sector
- an inclusive, high-performing and engaged workforce
- empowering and engaged leaders
- Victorians trust the public sector.

We do this by:

- promoting workforce reform
- supporting a positive employee experience
- developing outstanding leadership
- promoting public trust.

Machinery of government change

The Jobs and Skills Exchange was transferred to the Victorian Public Sector Commission on 1 December 2020 from the Department of Premier and Cabinet in a machinery of government change.

Four initiatives in the Commission's Annual Plan 2020-21 were completed in partnership with the Jobs and Skills Exchange. The operations of the Jobs and Skills Exchange for the period of 1 July 2020 to 30 June 2021 are included in this annual report.

Promoting workforce reform

The strategic outcome of this work is an integrated and future-focused public sector.

A public sector that is:

- committed to excellence
- innovative and adaptive to changing circumstances
- connected and works together.

Providing whole of government people data analytics and insights

The Commission is a trusted provider of information about the Victorian public sector. We shifted public sector data assets to cloud based infrastructure this year, improving the way we secure, manage and analyse data, visualise complex datasets and apply learning algorithms. This infrastructure supports an evidence-based approach to workforce policy making and program design.

We collect data to provide public sector employers with insights on diversity and inclusion, employee arrangements and remuneration. This year we collected data on 322,605 employees from 1,829 employers. We produced 524 reports comparing the composition and characteristics of public sector workplaces and the remuneration of executives.

We publish [State of the Public Sector](#) to help the public sector build an inclusive, high-performing and engaged workforce. In December 2020, we published workforce data. In April 2021 we published data from the 2020 [People Matter Survey](#) wellbeing check.

Almost 46,000 employees from 191 public sector organisations completed the wellbeing check survey during COVID-19. We produced 2,426 result reports and 698 data files to assist organisations in strengthening workplace culture. The full People Matter Survey was delivered to 241 organisations on a new platform in June 2021. More than 92,000 people completed it.

We continued to manage the Government Appointment and Public Entities Database, reporting monthly on vacancies and appointments, and measuring achievement against the objective that women comprise no less than 50% of all new appointments to major public boards.

Supporting a digitally enabled and flexible workforce

More than 80% of the Victorian Public Service (VPS) are members of the [Jobs and Skills Exchange](#) (JSE), a platform that provides employees with priority access to career opportunities across government.

We enriched recruitment data and insights available across government, including during COVID-19 as part of the employee mobility response. We streamlined data for simplicity, accessibility and maintenance to report and measure job advertisement trends.

We revised the [flexible work policy](#) to support gender equity, diversity, productivity and work life balance. The guidance note issued by the Victorian Secretaries Board recommended that Victorian Public Service employees work from an office 3 days per week, and negotiate their flexibility needs with their manager.

Flexible work arrangements consider when, where and how we work so that we can meet our employment commitments and perform our jobs well for the Victorian community.

Providing workforce planning advice

We prepared an initial consultation paper to collaborate with stakeholders on workforce strategy.

The strategy will consider demographic, societal, environment, economic and technological changes that will impact the Victorian public sector workforce over the next 10 years, affecting the work we do, how and where we work and the skills and capabilities we require.

We co-designed a VPS Strategic Workforce Planning framework with departments and Victoria Police. It supports the VPS to plan 3 to 5 years into the future to establish, access and mobilise a workforce to deliver services for the community.

We developed a Job Families Architecture to standardise the way departments allocate functions, job groupings and roles within their organisations. It will be embedded in the human capital management system, which aims to harmonise human resource processes and enable better mobility across the Victorian Public Service.

We scoped a review of learning and development across government, engaging with leading institutions and capability experts to identify and coordinate research that supports workforce mobility and development.

Supporting a positive employee experience

The strategic outcome of this work is an inclusive, high-performing and engaged workforce.

A workforce that:

- is capable and flexible
- is inclusive and diverse
- is digitally enabled and customer focused
- embodies public sector values.

Promoting inclusive and healthy workplaces

In partnership with the Aboriginal community, we delivered all [Barring Djinang](#) initiatives in virtual format. Participation increased to 44 in the 2020 internship program and 26 in the leadership program, up from 34 and 19 last year. Fifty people participated in regional networks.

More than 100 people have participated in the career development program since it started in 2017. We commenced the pilot phase of Building Aboriginal Cultural Capability in the Workplace. Five public sector agencies participated.

Access to career development, networking and peer support contributes to a more rewarding career experience for Aboriginal employees, improving attraction and retention. Our work supports Aboriginal self-determination in Victoria, developing Aboriginal leadership capabilities across the public, Aboriginal community and Traditional Owner sectors.

Under [Getting to work](#), the Victorian public sector disability employment action plan 2018-25, we developed a pilot whole of government mentoring program and graduate mentoring program for participants in the Victorian Government graduate program Disability pathway. We hosted more than 500 attendees at 3 online events to celebrate International Day of Persons with Disabilities.

During COVID-19, we provided support for employees with disability and neurodiverse employees working remotely. We also published tips for Managers who were supporting employees with disability to work remotely, and transition back to the workplace.

We engaged the Melbourne Disability Institute, University of Melbourne, to investigate evidence-based approaches to improve the collection of disability related information in a workplace setting. The project showed that data collection methods and organisational culture influence whether and when job seekers and current employees share disability information. We will use these findings to strengthen the quality of disability information we collect.

We continued to convene the quarterly Deputy Secretary disability champion round table, developing a whole of government disability awareness e-learn.

We also published guidance on the use of special measures to address equality in recruitment and support recruitment from diverse backgrounds including people with disability and Aboriginal Victorians.

Supporting employment and career pathways

The Commission recruited 79 graduates across 6 professional streams in the 2021 [Victorian Government graduate program](#). The newest stream is Law, aligned to broader workforce demands. Overall, 19% of graduates were employed via the disability pathway and 9% via the Aboriginal and Torres Strait Islander pathway.

We also supported recruitment of early career professionals to a 12-month graduate program at the Department of Jobs, Precincts and Regions and to a summer internship at the Department of Education and Training.

[CareersVic](#) attracts almost 40,000 job seekers every week and supports them to find job opportunities across the Victorian public sector. We manage ongoing delivery of CareersVic and [Join a Public Board](#), the board recruitment service for the Victorian Government.

We re-developed [Join a Public Board](#) during 2020-21. Redevelopment goals were to improve capability and diversity outcomes in board recruitment. We interviewed more than 30 candidates, stakeholders and recruiters as part of a user-centred design process.

We are starting to connect employees from public sector entities to the Jobs and Skills Exchange, in line with the next phase of the roll-out. We also scoped a digital upgrade to the platform to better serve our members.

Developing leading practice to support whole of government people initiatives

In partnership with the Jobs and Skills Exchange, we established a centralised mobility team to help departments fill surge roles during COVID-19. We used LiveHire to enable this, managing requests in line with the Jobs and Skills Exchange recruitment policy and the industrial relations framework.

We set up an administrative pool to fill short term needs across agencies, relying less on labour hire. This pilot will conclude in December 2021.

We developed a professional/technical taxonomy comprised of 18 professions. It provides structure to professional streams and networks across the public service.

The taxonomy facilitates workforce development and mobility across departments by focusing on shared skills and capabilities. It identifies affiliated professions and pathways between, empowering employees to steer their own career.

We published a [wellbeing toolkit](#) for managers. It contains 12 modules of tips, tools and activities that aim to alleviate stress experienced by teams who are working remotely, coping with the general concern of a pandemic and collaborating within a dispersed workforce to maintain service delivery.

Developing outstanding leadership

The strategic outcome of this work is empowering and engaged leaders.

Leaders who:

- embody public sector values
- are strategic and accountable
- drive service excellence
- support and develop their people.

Providing high quality leadership development and strengthening executive leadership capability

This year we offered a range of programs to support 758 executives and people leaders across the VPS. Themes included virtual communication, virtual team leadership, and self-care and leadership.

We delivered a micro credential program, Leading Through Challenging Times to 239 people and offered proactive self-care options for executives as part of an integrated model for health, safety and wellbeing. The model was approved by the Public Sector Administration Committee to ensure leaders are adequately supported to sustain high quality public services during the pandemic.

We delivered the Senior Executive Induction Program for new Victorian Public Service executives and a six-part conversation series for VPS executives focused on people, performance and stewardship. The series was delivered in partnership with the University of Melbourne and Deloitte. It created an opportunity for executives to reflect on the multi-system impact of COVID-19 and explore new approaches to leadership that support an adaptive and responsive public sector.

Promoting a connected and collaborative senior executive service

The Commission supports the Victorian Secretaries Board to convene the Senior Executive Service as a collective leadership group. We held a number of dialogue and connection opportunities, making time for Deputy Secretaries and Executive Directors to consider step-change approaches to service delivery during COVID-19.

Among the matters discussed were data and insights from whole of government pulse surveys, challenges of remote working, wellbeing support for the workforce during lockdowns and circuit breakers, and the future of service delivery and flexible work.

Supporting executive mobility and career pathways

Utilising the Jobs and Skills Exchange, we maintained an executive relief pool to assist with the COVID-19 response. This supported many executives who were working extended hours to share responsibility via twinning and roster arrangements. We provided surge support, deploying executives and emerging leaders to new or priority areas.

The [VPS Senior Executive Classification Framework](#) provides clarity on what is expected of executives at different levels. It sets a consistent and transparent methodology for classifying public service executive positions.

We completed 448 VPS executive classification assessments in 2020-21, providing guidance and advice to many public service organisations.

Promoting public trust

The strategic outcome of this work is that Victorians trust the public sector.

A public sector that:

- is transparent and accountable
- has strong governance
- is trusted and acts with integrity.

Driving a preventative approach to integrity and governance issues

We responded to 201 queries about the [Codes of Conduct](#) and Standards for the Application of Victorian Public Sector [Employment Principles](#), referring matters to departments and agencies where required.

In 2020-21, we assessed 13 applications for reviews of action and undertook 6 reviews, making 1 recommendation in total.

We maintained the [Victorian Lobbyist Register](#), registering 68 lobbyists and government affairs directors in 2020-21. Our communications highlighted people's obligations under the Victorian Government Professional Lobbyist Code of Conduct.

We developed and implemented a [Pre-employment Misconduct Screening Model Policy](#) for prescribed public entity executive recruitment and published a guide to implementing it. We also published a guide to [maintaining integrity when working remotely](#).

We reported to the Public Sector Administration Committee on implementation of the Respectful Workplaces Framework and Sexual Harassment Model Policy. By updating the [Guide for Prevention of Sexual Harassment in the Workplace](#), we acquitted recommendations 9, 10 and 11 of the Victorian Auditor-General's Office audit report: Sexual Harassment in the VPS.

This included adding new sections on investigating allegations of sexual harassment where there are no independent witnesses, information organisations can share with parties at the conclusion of an investigation, and reporting matters to external agencies or authorities.

Strengthening integrity and governance capability

This year we published [integrity guidance](#) for new board directors and an [induction checklist](#) for organisations.

The guidance targets integrity issues identified by the Victorian Ombudsman in the report: Investigation into allegations of improper conduct by officers at Goulburn Murray Water. It addresses awareness and knowledge of public sector policies and obligations, helping people understand when and how to apply them in decision making.

We have also commenced development of a comprehensive suite of resources for public entity board directors covering multiple integrity and governance topics.

Reviewing and enquiring into critical issues

The Commission conducts reviews and enquiries to provide public sector organisations with an objective assessment of how their people, processes and systems enable outcomes.

Conducting reviews is one of the Commission's functions under section 39 of the Public Administration Act 2004. We completed one review in 2020-21 and commenced another.

Reviews identify opportunities for an organisation to improve its performance, repositioning and equipping itself to meet future challenges. The findings of reviews also inform the Commission's preventative integrity work which aims to ensure a professional, accountable, responsive and efficient public sector.

Promoting and advocating for an impartial and professional public sector

The COVID-19 Hotel Quarantine Board of Inquiry made one recommendation directly to the Commissioner: that the public sector Commissioner examines the evidence that emerged in the inquiry as to the lines of accountability and responsibility as between Departmental heads and Ministers and gives guidance across the public service as to the obligations, both in law and in practice, on heads of departments and senior public office holders.

The Commissioner accepted the recommendation and has progressed work on developing the guidance. We expect to publish it in 2021, consistent with commitments made in the Victorian Government response to the Inquiry's Final Report. The guidance will provide advice about Secretaries' obligations and responsibilities when informing and advising Ministers.

We developed a compliance certification process for public entity employers, delivering on a recommendation made in the Final Industry Segment Reviews Report as part of the government's executive employment policy reforms.

We commenced implementation of the [Public Entity Executive Classification Framework](#), completing 387 assessments in 2020-21. We advised the Department of Premier and Cabinet on policy aspects of the Public Entity Executive Remuneration Policy in its connection to work value assessments.

These reforms, along with the establishment of the Victorian Independent Remuneration Tribunal, are making executive classification and remuneration more consistent between the VPS and public entity employers.

The Commission maintained executive employment matters. We answered queries from departments, entities and individuals about the executive employment contracts and handbooks. We used stakeholder feedback to refine the standard contract and policy settings in the handbooks.

Performance

Five-year financial summary

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Total income from transactions	17,925,861	19,932,142	17,792,385	17,112,268	15,813,088
Total expenses from transactions	20,388,510	20,091,717	19,434,276	14,293,808	14,299,609
Net result from transactions	(2,462,649)	(159,575)	(1,641,891)	2,818,460	1,513,479
Other economic flows included in net result ¹	(220,915)	(26,568)	(90,827)	(1,173)	(22,222)
Net result for the period	(2,242,454)	(186,143)	(1,732,718)	2,817,287	1,491,257
Net cash flow from operating activities	718,478	712,109	360,839	770,841	21,936
Total assets	11,583,033	13,783,258	13,023,799	13,799,370	9,893,930
Total liabilities	5,847,223	5,825,576	4,885,613	4,271,466	3,619,993

Notes:

1. Includes gains or losses from disposal of non-financial assets and revaluation of leave liabilities for changes in the government bond rate.

Current financial year review and significant changes in financial position

In 2020-21, the Commission is reporting a net deficit from transactions of \$2.46 million.

The deficit in net results from transactions is mainly due to the Victorian Leadership Academy, People Matter Survey and Public Entity Executive Classification utilising funds received from prior financial years.

Financial position – balance sheet

The Commission's net asset base as at 30 June 2021 is \$5.74 million. This is a decrease of \$2.22 million from 2019-20. The lower net asset base has been primarily driven by the Commission using prior years funds for 2020-21 initiatives.

Significant changes in the financial position and major factors affecting performance

There were no significant changes which affected the Commission's performance during the reporting period.

Capital projects

During 2020-21 financial year, the Commission completed one capital project: Azure Development and Migration.

Disclosure of grants and transfer payments

The Commission provided a \$2,500 grant to the Pride Network.

Subsequent events

There are no subsequent events to report.

Financial performance

	Target	Actual	Achieved
Operating position			
Net result from transactions is balanced (Y/N +/-2.5%) ¹	0 +/-5%	0.08%	✓
Liquidity position			
Current ratio (current assets / current liabilities >1)	>1	1.71	✓
Efficiency			
Average accounts receivable collection period (target 30 days)	90%	62%	✗
Average time for accounts payable are within government norms (30 days)	90%	74%	✗

Notes:

1. Net results of output appropriation and does not include trust funds.

Non-financial performance

Services	Target	Actual	Achieved
Service stream 1			
Workforce data collection, workforce climate measurement, workforce insights analysis, development and reporting			
Effectiveness			
Proportion of employees who undertake the People Matter Survey across all participating agencies	> 61%	58% ¹	✘
Percentage of agencies that participate in the People Matter Survey	> 80%	92%	✓
Efficiency			
Proportion of data collection activities completed within target timeframes	100%	94% ²	✘
Service stream 2			
Workforce programs and employment pathways			
Effectiveness			
CareersVic customer satisfaction score	50%	42% ³	✘
CareersVic conversion rate	6%	6.26%	✓
Proportion of graduates participating in Aboriginal and disability pathways	10%	17.9%	✓

Overall satisfaction with engagement, consultation and responsiveness from the VPSC grads team	85%	87%	✓
Percentage of Victorian Public Service workforce registered with the JSE	70%	80%	✓
Percentage of Victorian Public Service jobs advertised through the Jobs and Skills Exchange	90%	88.2%	✘
Number of engagement and promotion activities undertaken by the Jobs and Skills Exchange	20	12 ⁴	✘
Satisfaction with response to user queries on the Jobs and Skills Exchange platform	80	91	✓
Percentage of Jobs and Skills Exchange members with member profiles	20%	22%	✓
Efficiency			
Real cost per graduate recruitment and development over 12 months	< \$17,634	\$17,433	✓
Springboard cost per transaction	< \$30.00	\$21.90	✓
Service stream 3			
Development of programs tailored to each band of the Senior Executive Service of the Victorian Public Service			
Effectiveness			
Total number of modules delivered	30	138	✓

Program relevance to the Victorian Public Service	80%	82%	✓
Program suitability to the executive level	80%	89%	✓
Overall participant satisfaction with the Victorian Leadership Academy	80%	95%	✓
Percentage of new to VPS executives participating in the VPSC induction program	78%	92%	✓
Efficiency			
Completion rate across programs	80%	58% ⁵	✘

Service stream 4

Victorian executive service reform and public entity executive reforms

Effectiveness			
Victorian Public Service classification assessments completed on schedule	80%	86%	✓
Efficiency			
Percentage of executive employment queries responded to within standard timeframe	80%	94%	✓

Service stream 5

Issuing, maintaining and promoting Codes of Conduct and Employment Standards

Effectiveness			
Percentage of agencies who interacted with the VPSC and indicated advice and support assisted them to improve integrity capability	85%	90%	✓

Efficiency

Branch responds to requests for ad-hoc advice, lobbyist registration, and reviews according to acceptable timeframes set out in policy manuals

85%

90%

✓

Notes:

1. Participation was lower during COVID-19.
2. Collection of workforce data was impacted by COVID-19. The People Matter Survey was delayed from April to October 2020.
3. The customer satisfaction score for Careers.Vic was lower due to the flow of schools jobs on the platform. Satisfaction was low during peak advertisement periods for schools. Satisfaction was above target during other periods.
4. The number of Jobs and Skills Exchange engagement and promotional activities was reduced due to COVID-19 restrictions.
5. In 2020-21, the Victorian Leadership Academy offered short-term development activities instead of long-term development programs as in previous years. The lower completion rate is due to Executives having less time available for development activities during COVID-19.

Section 2

Governance and organisational structure

Minister

The Commission is overseen by the Minister for Government Services, Hon Danny Pearson MP. The Minister for Government Services oversees the public sector, cyber security and citizen digital transaction reform.

Organisational structure

Commissioner

Adam Fennessy PSM is the Commissioner of the Victorian Public Sector Commission. He joined the Commission in July 2020.

Adam has over 20 years of public sector experience at state and federal levels, including four years as Secretary of the Victorian Department of Environment, Land, Water & Planning and prior to that the Department of Environment & Primary Industries. Adam has worked in the private sector as a partner with advisory firm Ernst & Young. Adam has served on several boards including the Institute of Public Administration Australia (IPAA Victoria), Infrastructure Victoria, Monash Sustainable Development Institute and Women & Leadership Australia.

Adam is a fellow of IPAA Victoria and a member of the Champions of Change network. In 2018, he received a public service medal for leadership in the Victorian public sector.

Deputy Commissioner

Julia Griffith PSM is the Deputy Commissioner of the Victorian Public Sector Commission. She joined the Commission in June 2019.

She has more than 30 years' experience in the Victorian public service, during which time she has been Deputy Secretary or Executive Director in a range of justice portfolios including Youth Justice, Police, Corrections, Crime Prevention, Victims Services and the Infringements System.

Julia was also responsible for leading the Victorian government's employment programs for disadvantaged job seekers and redeveloping child protection placement and support services. Her career achievements have been built on a strong background in youth work, research, training and community development.

In 2018 Julia received a public service medal for leadership in the Victorian public sector.

Organisational chart

Commissioner Adam Fennessy					
Deputy Commissioner Julia Griffith					
People and Analytics	Victorian Leadership Academy	Workforce and Engagement	Integrity and Advisory	Governance and Corporate	Jobs and Skills Exchange
Executive Director Natasha Thompson	Head Vacant	Executive Director Daen Dorazio	Executive Director Verity Harris	Manager Ahmed Kucukali	Director Chris Hofmann
Data Acquisition and Reporting	Strategy and Impact	Communication and Engagement	Integrity Framework	Governance and Risk	Policy and Strategy
People Matter Survey	Learning Management	Employee Experience	Integrity and Governance Projects	HR and Corporate	Digital and Analysis
Data Management	Learning Operations	Digital Delivery and Capability	Executive Classification Implementation	Finance	Recruitment and Mobility
Analytics and Advisory		Diversity and Inclusion		Facilities and IT	Governance and Operations
Workforce Strategy		Aboriginal Employment Unit		Business Support	

Governance

The Commission is a statutory authority accountable to the Minister for Government Services. Our integrity functions are independent from Ministerial direction or control.

For administrative arrangements, we are supported by the Department of Premier and Cabinet. Our work is complementary, and we align in pursuit of providing central coordination, leadership and stewardship of the public sector.

Advisory Board

The Commission's Advisory Board currently consists of the Secretary, Department of Premier and Cabinet as chairperson. The Minister for Government Services may appoint up to 7 other members.

The Board's role is to provide strategic advice on matters relevant to the objectives, functions and strategy of the Commission. The Commissioner may liaise with the Minister for Government Services and Secretary, Department of Premier and Cabinet on the future operation of the Board.

Audit and risk management committee

The Commission has an audit and risk management committee. The chairperson is Greg Wilson. Other members include Shaun Condron and Stephen Bouchier.

The committee is responsible for:

- improving the Commission's effectiveness and efficiency
- ensuring compliance with applicable laws and regulations
- coordinating audits, considering recommendations and implementing actions
- overseeing operation of the risk management framework
- reviewing the annual report and financial information.

The Commission's internal response to the COVID-19 pandemic was audited.

The audit concluded:

- we have established adequate policies, procedures and safety measures to mitigate pandemic related health and safety risks in the workplace and from a remote working perspective
- we have implemented a robust response framework where processes are reviewed and updated regularly to comply with the Victorian Government's health advice
- our people are kept informed of any changes to processes and encouraged to stay connected and share their concerns and feedback to management.

We will record learnings to continuously improve our systems, policies and procedures, including return to workplace operations.

Our people

We upskill and engage our people, supporting and enabling them to deliver on the Commission's vision.

We do this by:

- developing capabilities
- enriching culture
- connecting people.

Developing capabilities

We develop the leadership, management and communication capabilities of our people to enable them to achieve the Commission's vision and goals.

This year, our people were trained in:

- writing to influence and writing for the web
- critical and analytical skills
- data literacy
- administering the Freedom of Information Act.

We also developed an eLearn unit that explains how to avoid, declare and manage conflicts of interest.

Enriching culture

We respect each other and actively model the public sector values to embrace diversity, inclusion and workplace flexibility.

This year we developed a plan for implementing the Victorian public sector [mental health and wellbeing charter](#) at the Commission. We developed a policy and guideline to build mental health and wellbeing capabilities, address risk factors and support employees to seek help.

We engaged En Masse to deliver training in mental health. We also worked with Grace Papers, an Australian digital platform, to deliver online courses, tools, tips and strategies designed to help parents and carers practice self-care and manage work life balance.

Our learning and development program reflects a focus on diversity and inclusion.

Workshops in the program included:

- Aboriginal cultural awareness and capability
- disability confidence and workplace adjustments.

Orientation training includes information about:

- human rights and equal employment opportunity
- LGBTIQ and workplace inclusion
- professional obligations and respectful behaviours.

Connecting people

We promote collaboration and engagement as a natural part of our work to foster responsiveness, high quality and integration.

During COVID-19, we provided technical training in software to support remote work and hybrid teams. This included training in cyber hygiene to appropriately manage information security.

When the office reopened, we provided COVIDSafe training that explained the safety measures, systems and procedures in place. This included rules for using shared spaces and collaboration rooms.

Workforce data

Public sector values and employment principles

The Commission's employees adhere to the public sector values and the code of conduct for Victorian public sector employees.

The public sector values are responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

As an employer, we adhere to the public sector employment principles:

- employment decisions are based on merit
- employees are treated fairly and reasonably
- equal employment opportunity is provided
- human rights are upheld
- employees have an avenue of redress against unfair or unreasonable treatment
- career public service is fostered.

These principles set the right conditions for productive and harmonious working relationships by ensuring employees are treated well, have access to career opportunities and can safely raise their concerns.

Our selection process ensures that applicants are evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. The Commission advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

Comparative workforce data

Employees have been correctly classified in workforce data collections.

Staffing trends from 2019 to 2021

	2021	2020	2019
Headcount Not including statutory appointments.	112	96	90
Full time equivalent	107.18	88.63	85.13

Summary of employment levels as at 30 June

Item	2021		2020	
	Headcount	FTE	Headcount	FTE
Headcount Not including statutory appointments.	112	107.18	96	88.63
Ongoing full time	52	52	58	58
Ongoing part time	10	7	9	5.58
Fixed term full time	39	39	18	18
Fixed term part time	3	2.45	7	4.1
Inoperative paid maternity leave	7	5.8	2	1.4
Inoperative paid long service leave	0	0	1	1
Casual	1	0.93	1	0.55

Staff as at 30 June by age

Age	2021			2020		
	Female	Male	Self-described	Female	Male	Self-described
Under 25	3	1	0	2	1	1
25-34	21	11	1	21	11	1
35-44	25	11	0	18	8	0
45-54	8	10	0	7	9	0
55-64	16	2	0	13	3	0
65 and over	1	2	0	1	0	0
Total	74	37	1	62	32	2

Staff as at 30 June by grade

Grade	2021			2020		
	Female	Male	Self-described	Female	Male	Self-described
Casual	1	0	0	0	1	0
VPS1	0	1	0	0	1	0
VPS2	4	0	0	1	1	1
VPS3	9	4	0	10	2	0
VPS4	15	6	0	12	6	0
VPS5	25	13	0	23	11	1
VPS6	17	11	1	13	9	0
STS	0	0	0	1	0	0
SES1	0	1	0	0	0	0
SES2	2	1	0	2	1	0
SES3	1	0	0	0	0	0

Annualised total salary as at 30 June

Income band (salary)	Executives	Senior Technical Specialists	Other
\$160,000 - \$179,000	0	0	0
\$220,000 - \$239,000	1	0	0
\$240,000 - \$259,000	2	0	0
\$300,000 - \$319,000	1	0	0
\$360,000 - \$379,000	1	0	0
Total	5	0	0

Occupational health and safety

Item	2020-21	2019-20
Ergonomic assessments	8	5
Ergonomic aids recommended	4	1
Sit-stand desks recommended	-	0
Flu vaccinations	43	37
Incidents reported	0	1
Hazards reported	0	0
Staff trained in OH&S	0	-
Claims made	0	-

Workforce inclusion policy

The Commission adopts the comparable policy of the Department of Premier and Cabinet. It is the equal opportunity and diversity policy and procedure. We offer an inclusive working environment where equal opportunity and diversity are valued, and our workforce reflects the communities we serve consistent with the Gender Equality Act 2020.

The Commission values staff with non-binary gender identities at all levels. We acknowledge that due to historic and current barriers to disclosure of non-binary gender identities, staff may choose not to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

Executive officer data

All the Commission's executives receive a total remuneration more than \$100,000. All are contract-appointed, ensuring no executive is appointed as ongoing or for special projects. The Executive Officer data is based on the 30 June payroll FTE report for the period 2020 and 2021. It does not include statutory appointments.

Executives as at 30 June

Grade	2021			2020		
	Female	Male	Self-described	Female	Male	Self-described
SES1	0	1	0	0	0	0
SES2	2	1	0	2	1	0
SES3	1	0	0	0	0	0

Section 4

Other disclosures

Local jobs first

Nil reports. The Commission did not commence or complete any Local Jobs First projects in 2020-21.

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Government advertising expenditure

Nil reports. The Commission did not have any advertising campaigns with a total media spend of \$100,000 or greater (excluding GST) in 2020-21.

Consultancy expenditure

Details of consultancies valued at \$10,000 or greater

In 2020-21, there were 6 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$229,365 (excluding GST). Details of individual consultancies are outlined in the table below.

Consultant	Purpose	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2020-21 (excl. GST)	Future Expenditure (excl. GST)
LAG Consulting Pty Ltd	Lead reviewer for an integrity review	2/04/20	31/7/20	\$22,000	\$10,000	\$0
Paper Giant Pty Ltd	Conduct user research to inform JSE digital project	17/5/20	30/6/21	\$22,160	\$22,160	\$0
PWC's Indigenous Consulting Pty Ltd	Review the Barring Djinang evaluation framework	10/2/21	30/6/21	\$60,250	\$59,045	\$0
Greg Wilson Advisory Pty Ltd	Lead reviewer for the Commission's capability review of V/Line	1/2/21	31/8/21	\$19,250	\$11,200	\$8,050
The University of Melbourne	Disability workforce data project	10/8/20	30/4/21	\$105,480	\$105,480	\$0
SenateSHJ	Advice and recommendations on structure of the Commission	1/2/21	28/2/21	\$21,480	\$21,480	\$0

Details of consultancies under \$10,000

In 2020-21, there were no consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$0 (excluding GST)

Information and communication technology expenditure

For the 2020-21 reporting period, the Commission had a total Information and Communication Technology (ICT) expenditure of \$2,443,216.

	All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Business as Usual (BAU) ICT expenditure (Total)	Non-Business as Usual (non BAU) (Total = operational expenditure and capital expenditure)	Operational expenditure	Capital expenditure
Appropriation account	\$756,695	\$258,772	-	\$258,772
Trust account	\$961,385	\$466,364	-	\$466,364

ICT expenditure refers to the Commission's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing the Commission's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

The Commission did not enter into any contracts greater than \$10 million in value during the 2020-21 financial year.

Freedom of information

The Commission is subject to the Freedom of Information Act 1982. The Act allows the public a right of access to documents held by the Commission. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the Act. The Act allows a department to refuse access, either fully or partially, to certain documents or information.

Examples of documents that may not be accessed include:

- cabinet documents
- some internal working documents
- law enforcement documents
- documents covered by legal professional privilege, such as legal advice
- personal information about other people.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the Commission, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged online at www.foi.vic.gov.au. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large and the search for material time consuming. Access to documents can also be obtained through a written request to the Commission, as detailed in s17 of the Freedom of Information Act 1982.

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material and documents are being sought. Requests for documents in the possession of the Commission should be addressed to:

Freedom of Information
Victorian Public Sector Commission
3 Treasury Place
East Melbourne VIC 3002

FOI statistics and timing

During 2020–21, the Commission received 4 applications. The Commission made 4 FOI decisions during the 12 months ended 30 June 2021. The average time taken to finalise requests in 2020–21 was 30 days. No requests were subject to a complaint or internal review by the OVIC.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act and foi.vic.gov.au.

Compliance with the Building Act 1993

The Commission does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the Building Act 1993 (for publicly owned buildings controlled by the Commission).

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest.

Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation.

This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. As a portfolio agency, the Commission's information on compliance is included in the Department of Premier and Cabinet's Annual Report.

Compliance with the Public Interest Disclosures Act 2012

The Public Interest Disclosures Act 2012 encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to prepare people who make disclosures in accordance with the Act and establishes a system for the matters to be disclosed, investigated and rectifying action to be taken.

The Commission does not tolerate improper conduct of employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Commission will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by the department or any of its employees and/or officers may be made to the Commission's Public Interest Disclosures Coordinator or alternatively, disclosures may be made directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Level 1, North Tower
459 Collins Street
Melbourne VIC 3000
Phone: 1300 735 135
ibac.vic.gov.au

Further information

The Public Interest Disclosures Policy and Procedures, which outline the procedure for reporting disclosures of improper conduct or detrimental action by the Commission or any of its employees and officers, are available at vpsc.vic.gov.au.

Disclosures under the Public Interest Disclosures Act 2012

The table below indicates the number of disclosures made by an individual to the Commission and notified to IBAC.

	2020-21	2019-20	2018-19
Assessable disclosures	1	1	0

Compliance with the Carers Recognition Act 2012

The Commission has taken all practical measures to comply with its obligations under the Act. This includes considering the carer relationship principles set out in the Act when setting policies and providing services. For example, reviewing our employment policies such as flexible working arrangements and leave provisions to ensure these comply with the statement of principles in the Act.

Compliance with the Disability Act 2006

The Disability Act 2006 reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Commission has complied with its obligations under the Disability Act to prepare a [Disability Action Plan](#) for the purpose of: reducing barriers to access goods, services and facilities, reducing barriers to people with disability obtaining and maintaining employment, promoting inclusion and participation in community and achieving tangible changes in attitudes and practices that discriminate against people with disability.

Reducing barriers to accessing goods, services and facilities

- We designed and published content that meets AA accessibility standards
- We built accessibility into our office document templates

Reducing barriers to people with disability obtaining and maintaining employment

- We revised position descriptions to support flexible work
- We provided disability confidence training to employees and managers
- Our Deputy Commissioner presented at the annual Meet the Secretaries event for the Enablers Network

- We added accessibility and mental health support as standing agenda items in management meetings
- We published a mental health and wellbeing toolkit including 5 tools designed to help managers and teams support people with disability

Promoting inclusion and participation in the community

- We continued our membership with the Australian Network on Disability
- We collaborated with the Enablers Network to deliver 3 events for International Day of People with Disability
- We promoted intersectionality, transgender day of visibility and World Autism Day in our organisation

Achieving tangible changes in attitudes and practices that discriminate against people with disability

- We implemented the VPS mental health and wellbeing charter in our organisation
- We added disability awareness information to our orientation program
- We designed our learning and development program to focus on inclusion
- We offered training in human rights, workplace equality, our professional obligations and respectful behaviours

Office-based environmental impacts

The environmental report has been prepared in accordance with the Financial Reporting Directions (FRD) issued by the Minister for Finance. Office-based environmental impact data is based on information provided by JLL.

Energy, paper and water

	2020-21	2019-20
Energy		
Total electricity usage (gigajoules)	381	428
Total green electricity (gigajoules)	0	0
Total gas usage (gigajoules)	151	170
Percentage of electricity purchased as green power (%)	0	0
Units of energy used per full time employee (megajoules per FTE) ¹	4960	6100
Units of energy used per unit office area (megajoules per m ²)	260.91	439.92
Paper		
Total units of paper used (A4 reams equivalent)	12	340
Reams of paper used per FTE	0.11	3.99
Percentage of recycled content paper purchased (%)	100	100
Water		
Total units of metered water consumed (kilolitres)	150	286
Units of metered water consumed per FTE (kilolitres/FTE)	1.4	3

Units of measured water consumed in offices per unit of office area (kilolitres/m2)	0.07	0.21
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Waste

	Units office waste disposed by destination (kg per year)			Units office waste disposed by destination (kg per year)		
	Landfill	Co-mingled recycling	Organics	Landfill	Co-mingled recycling	Organics
2020-21 ²	N/A	N/A	N/A	N/A	N/A	N/A
2019-20	N/A	N/A	N/A	N/A	N/A	N/A

	Recycling rate (% of total waste by rate)	Organics rate (% of total waste by rate)	Greenhouse gas emissions associated with waste disposal (tonnes CO2-e)		
	%	%	Landfill	Co-mingled recycling	Organics
2020-21 ²	N/A	N/A	N/A	N/A	N/A
2019-20	N/A	N/A	N/A	N/A	N/A

Transport

	Total energy consumed by vehicles (MJ)	Total vehicle table associated with entity operations (km)	Total greenhouse gas emissions from vehicle fleet (tonnes of CO2 equivalent)	Greenhouse gas emissions from vehicle fleet 1000km travelled (tonnes of CO2 equivalent)	Total distance travelled by aeroplane	Percentage of employees regularly (75% attendance days) using public transport, cycling, walking, carpooling to and from work or working from home by locality type ³		
						CBD	Metro	Regional
2020-21	42.8	25	0	0	5,394	100	81	100
2019-20	11,828	490	0.81	0.1417	21,156	100	83	100

Greenhouse gas emissions

	2020-21	2019-20
Total greenhouse gas emissions from energy (includes office-based data only, scope 1 and 2)	100.4	132.32
Total greenhouse gas emissions from vehicle use	0	0.81
Total greenhouse gas emissions from air travel	0.87	3.35
Total greenhouse gas emissions from waste ²	N/A	N/A
Total greenhouse gas emissions offsets purchased	0	0

Notes:

1. Based on 88.63 FTE at 30 June 2020 and 107.25 FTE at 30 June 2021.
2. Waste, greenhouse gas emissions associated with waste disposal and greenhouse gas emissions from waste could not be reported for 2020-21 due to COVID-19.
3. The Commission conducted an internal survey to ascertain the proportion of employees using each transport mode.

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the Financial Management Act 1994, details in respect to the terms listed below have now been retained by the Commission and are available on request, subject to the provisions of the Freedom of Information Act 1982.

- A statement that declarations of pecuniary interest 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 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 by 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.

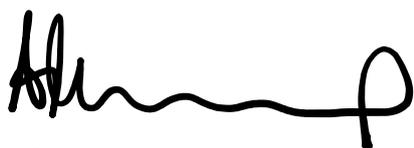
- A list of major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.

Attestation for financial management compliance with Standing Directions 5.1.4

Victorian Public Sector Commission Financial Management Compliance Attestation Statement

The Victorian Public Sector Commission has not identified any Material Compliance Deficiencies for the financial year ended 30 June 2021.

I, Adam Fennessy, certify that the Victorian Public Sector Commission has complied with respect to the Standing Directions under the Financial Management Act 1994 and Instructions.



Adam Fennessy PSM

Commissioner

Victorian Public Sector Commission

25 October 2021

Compliance with DataVic access policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Commission made 10 data sets available on the DataVic website in 2020-21. Information included in this Annual Report will also be available at data.vic.gov.au in electronic readable format

Asset management accountability framework maturity assessment

The compliance and maturity rating diagram summarises the Commission's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF).

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the [Department of Treasury and Finance](#) website.

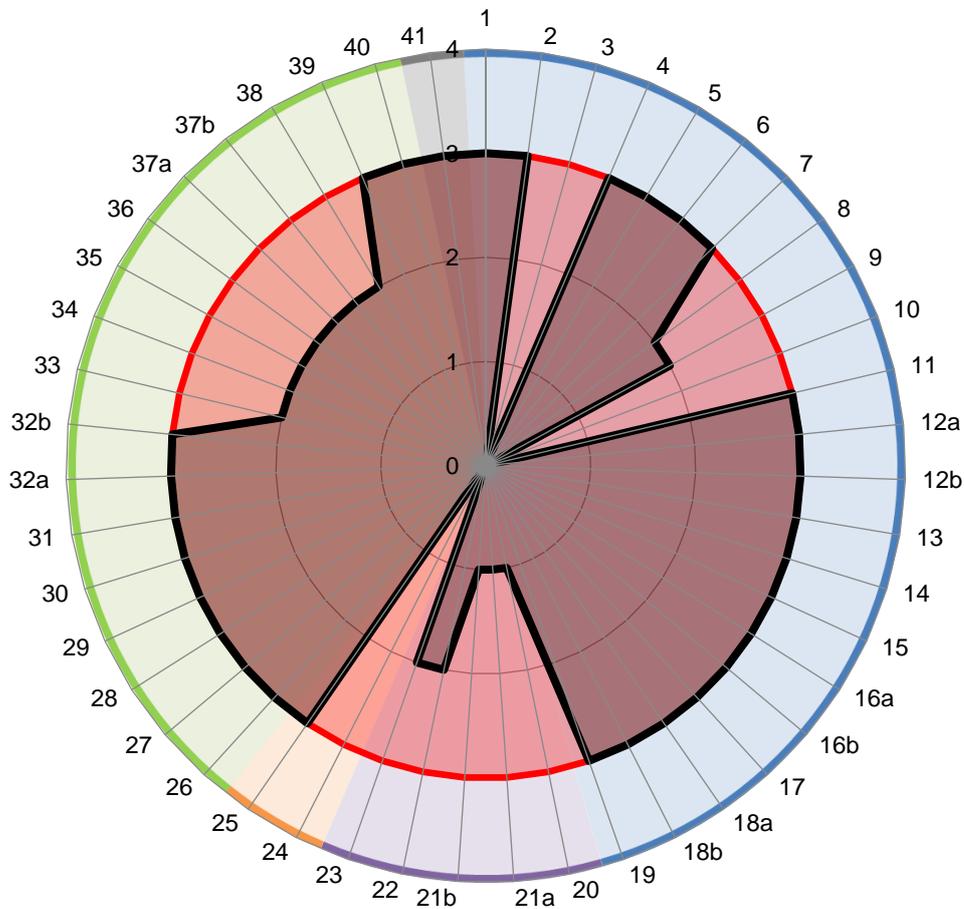
The Commission’s target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Compliance and maturity rating

Legend

Target	Shown in red
Overall	Shown in black
Status	Scale
Not applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Diagram: compliance and maturity rating



Disclosure index

This annual report of the Victorian Public Sector Commission is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure and other requirements.

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Report of financials

Victorian Public Sector Commission

Financial statements for the year ended 30 June 2021

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Comprehensive operating statement
For the financial year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Income from transactions			
Grants	2.2	12,871,414	14,466,528
Provision of services	2.3	5,054,447	5,465,614
Total income from transactions		17,925,861	19,932,142
Expenses from transactions			
Employee benefits	3.2.1	14,376,757	13,052,291
Depreciation	4.3	308,188	568,938
Interest expense		1,537	14,311
Capital asset charge	3.3	13,508	13,500
Other operating expenses	3.4	5,688,520	6,442,677
Total expenses from transactions		20,388,510	20,091,717
Net result from transactions (net operating balance)		(2,462,649)	(159,575)
Other economic flows included in net result			
Net gain/(loss) arising from revaluation of leave liabilities		220,195	(26,568)
Total other economic flows included in net result		220,195	(26,568)
Net result		(2,242,454)	(186,142)
Comprehensive result		(2,242,454)	(186,142)

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Financial assets			
Cash and deposits		-	600
Receivables	5.1	8,771,298	11,650,533
Total financial assets		8,771,298	11,651,133
Non-financial assets			
Property, plant and equipment	4.1	224,609	215,261
Intangible assets	4.2	2,238,270	1,799,286
Prepayments	5.4	348,856	118,301
Total non-financial assets		2,811,735	2,132,848
Total assets		11,583,033	13,783,258
Liabilities			
Employee benefits	3.2.2	3,417,321	2,517,624
Payables	5.2	1,131,801	2,118,447
Borrowings	6.1	52,276	34,693
Unearned income	5.3	1,155,385	1,064,372
Other provisions	5.5	90,440	90,440
Total liabilities		5,847,223	5,825,576
Net assets		5,735,810	7,958,405
Equity			
Accumulated surplus		1,448,283	3,690,737
Contributed capital		4,287,527	4,267,668
Net worth		5,735,810	7,958,405

The accompanying notes form part of these financial statements.

Cash flow statement
For the financial year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts			
Receipts from government		20,834,055	19,693,915
Total receipts		20,834,055	19,693,915
Payments			
Payments to suppliers and employees		(20,100,532)	(18,953,925)
Grants and transfer payments		-	(70)
Capital asset charge paid		(13,508)	(13,500)
Interest payments		(1,537)	(14,311)
Total payments		(20,115,577)	(18,981,806)
Net cash flows from operating activities	6.2	718,478	712,109
Cash flows from/(used in) investing activities			
Payments for property, plant and equipment		(16,146)	(80,215)
Payment for intangible assets		(708,990)	(422,036)
Net cash flows from/(used in) investing activities		(725,136)	(502,251)
Cash flows from/(used in) financing activities			
Cash transferred in -Machinery of Government Changes		19,859	-
Repayment of leases		(13,801)	(209,858)
Net cash flows from/(used in) financing activities		6,058	(209,858)
Net increase/(decrease) in cash held		(600)	-
Cash at the start of the year		600	600
Cash at the end of the year		-	600

The accompanying notes form part of these financial statements.

Statement of changes in equity
For the financial year ended 30 June 2021

	Contributed capital	Accumulated surplus/ (deficit)	Total
	\$	\$	\$
Balance at 1 July 2019	4,261,306	3,876,880	8,138,186
Administrative Restructure- Net assets transferred	6,362	-	6,362
Net result for the year	-	(186,143)	(186,143)
Balance at 30 June 2020	4,267,668	3,690,737	7,958,405
Administrative Restructure- Net assets transferred	19,859	-	19,859
Net result for the year	-	(2,242,454)	(2,242,454)
Balance at 30 June 2021	4,287,527	1,448,283	5,735,810

The accompanying notes form part of these financial statements.

1. About this report

The Victorian Public Sector Commission (the Commission) was established on 1 April 2014 through an amendment to the *Public Administration Act 2004* (the Act) and replaced the State Services Authority which was abolished pursuant to clause 3 of Schedule 3 of the Act.

The Commission's principal address is:

3 Treasury Place
East Melbourne Victoria 3002

A description of the nature of the principal services is included in the “**Report of operations**” of the Annual Report which does not form part of these financial statements.

Basis of preparation

These financial statements are prepared in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Commission.

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.

These judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes to which they relate. 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.

These financial statements cover the Commission as an individual reporting entity and include all the controlled activities of the Commission.

Compliance

These general-purpose financial statements have been prepared on a going concern basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) including Interpretations, 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 appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

Other accounting policies

Significant and other accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

2. Funding of our services

Introduction

The Commission's services include:

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

The Commission is predominantly funded by Parliamentary appropriations for the provision of outputs. The Parliamentary appropriations are received by the Department of Premier and Cabinet (DPC) and on-forwarded to the Commission in the form of grants. Other than grants from DPC the Commission also receives grants and fee for service income from other Victorian Government agencies.

Structure

- 2.1 Income that funds the delivery of our services
- 2.2 Grants
- 2.3 Provision of services

2.1 Income that funds the delivery of our services

	Notes	2021 \$	2020 \$
Income from transactions			
Grants	2.2	12,871,414	14,466,528
Provision of services	2.3	5,054,447	5,465,614
Total income		17,925,861	19,932,142

2.2 Grants

	2021 \$	2020 \$
Grants from Department of Premier and Cabinet	11,774,728	9,866,554
Other grants from Victorian Government agencies	1,096,686	4,599,974
Total grants	12,871,414	14,466,528

Income from grants (other than contribution by owners) is recognised when the Commission obtains control over the contribution. The Commission has determined that this grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider) and are enforceable with sufficiently specific performance obligations, they are accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Commission has an unconditional right to receive cash which usually coincides with raising of invoices by the Commission. In the situation of grants from the Department of Premier and Cabinet, income is recognised when the grants are transferred to the Commission.

2.3 Provision of services

	2021 \$	2020 \$
Training income	1,513,667	1,403,373
Other services	3,540,780	4,062,241
Total provision of services	5,054,447	5,465,614

The Provision of service income includes transactions that the Commission has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Commission recognises revenue when it transfers control of a service to the customer, i.e. when, or as, the performance obligations for the provision of services to the customer are satisfied.

For services rendered, where customers simultaneously receive and consume the services as it is provided, revenue is recognised progressively as contract assets until the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligations are satisfied but not yet billed, a contract asset is recorded.

3. Cost of delivering our services

Introduction

This section provides an account of the expenses incurred by the Commission in delivering its services. The funds that enable the provision of the services were disclosed in Note 2.

Structure

- 3.1 Expenses incurred in the delivery of services
- 3.2 Employee benefits
- 3.3 Capital asset charge
- 3.4 Other operating expenses

3.1 Expenses incurred in the delivery of services

	Notes	2021 \$	2020 \$
Employee benefits	3.2.1	14,376,757	13,052,291
Capital asset charge	3.3	13,508	13,500
Other operating expenses	3.4	5,688,520	6,442,677
Total expenses incurred in the delivery of services		20,078,785	19,508,468

3.2 Employee benefits

3.2.1 Employee benefits in the comprehensive operating statement

	2021 \$	2020 \$
Salaries and wages, annual leave and long service leave	13,233,613	12,048,885
Defined contribution superannuation expense	1,069,092	940,901
Defined benefit superannuation expense	74,052	62,505
Total employee benefits	14,376,757	13,052,291

Employee benefits include all costs related to employment including salaries and wages, superannuation, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

3.2.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2021 \$	2020 \$
Current provisions:		
Annual leave	1,409,644	938,381
Long service leave	1,650,978	1,198,069
Total current provisions	3,060,622	2,136,450
Non-current provision:		
Long service leave	356,699	381,174
Total employee benefits	3,417,321	2,517,624

Current provisions

The annual leave liability is classified as a current liability as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Unconditional long service leave is disclosed as a current liability; even where the Commission does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are included as a component of the provision for employee benefits.

Non-current provisions

Conditional long service leave is disclosed as a non-current liability where there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

The Commission does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.3 Capital asset charge

	2021	2020
	\$	\$
Capital asset charge	13,508	13,500

A capital asset charge is a charge levied by the Department of Treasury and Finance (DTF) on the budgeted written down value of non-current physical assets in the Commission's balance sheet which aims to attribute the opportunity cost of capital used in service delivery and provide incentives to the Commission to identify and dispose of underutilised or surplus assets in a timely manner. The capital asset charge is calculated on the budgeted carrying amount of applicable non-current physical assets.

3.4 Other operating expenses

	2021 \$	2020 \$
Supplies and services	1,534,461	1,303,597
Purchase of services	2,435,979	3,655,746
Information technology	1,718,080	1,483,334
Total other operating expenses	5,688,520	6,442,677

Other operating expenses generally represent the day-to-day running costs incurred in delivering services of the Commission.

Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

4. Key assets available to support delivery of our services

Introduction

The Commission controls property, plant and equipment in fulfilling its objectives and conducting its activities. These assets represent the key resources that the Commission uses for the delivery of these services.

Structure

- 4.1 Property, plant, and equipment
- 4.2 Intangible assets
- 4.3 Asset depreciation

4.1 Property, plant, and equipment

	<i>Gross carrying amount</i>		<i>Accumulated depreciation</i>		<i>Net carrying amount</i>	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Leasehold improvements	287,163	251,183	(127,972)	(106,352)	159,191	144,832
Office and computer equipment	16,146	-	(3,229)	-	12,917	-
Assets under construction	-	35,980	-	-	-	35,980
Lease motor vehicles	103,377	49,397	(50,876)	(14,948)	52,501	34,449
Net carrying amount	406,686	336,561	(182,077)	(121,299)	224,609	215,261

Initial recognition

Items of property, plant, and equipment are measured initially at cost. Where an asset is acquired for nil or nominal cost, the cost is its fair value at the date of acquisition.

The cost of leasehold improvements is capitalised and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

The cost of motor vehicle under a lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, as determined at the inception of the lease.

Subsequent measurement

Property, plant, and equipment is subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Impairment

Property, plant, and equipment is tested for impairment whenever there is an indication that an asset may be impaired.

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 considered to be an impairment and is written off as an 'other economic flow', except to the extent that it can be offset to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of current 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.

4.1.1 Reconciliation of movements in carrying amount of property, plant, and equipment

	<i>Leasehold improvements</i>		<i>Office and computer equipment</i>		<i>Construction in Progress</i>		<i>Leased motor vehicles</i>		<i>Total</i>	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Opening balance	144,832	169,044	-	-	35,980	-	34,449	60,237	215,261	229,281
Additions	-	79,380	-	-	-	35,980	31,384	-	31,384	115,360
Disposals	-	-	-	-	-	-	-	(17,718)	-	(17,718)
Reclassification	-	-	16,146	-	-	-	-	-	16,146	-
Transfer	35,980	-	-	-	(35,980)	-	-	-	-	-
Depreciation	(21,621)	(103,592)	(3,229)	-	-	-	(13,332)	(8,070)	(38,182)	(111,662)
Closing balance	159,191	144,832	12,917	-	-	35,980	52,501	34,449	224,609	215,261

4.2 Intangible assets

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Capitalised software	2,477,152	1,628,383	(1,043,909)	(251,312)	1,433,243	1,377,071
Work-in-progress	805,027	422,215	-	-	805,027	422,215
Net carrying amount	3,282,179	2,050,598	(1,043,909)	(251,312)	2,238,270	1,799,286

4.2.1 Reconciliation of movements in carrying amounts of intangible assets

	Capitalised software		Work-in-progress		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Opening balance	1,377,071	1,628,383	422,215	179	1,799,286	1,628,562
Additions	-	-	725,136	422,036	725,136	422,036
Reclassification	-	-	(16,146)	-	(16,146)	-
Transfer	326,178	-	(326,178)	-	-	-
Depreciation	(270,006)	(251,312)	-	-	(270,006)	(251,312)
Closing balance	1,433,243	1,377,071	805,027	422,215	2,238,270	1,799,286

Intangible assets which comprise capitalised software and work-in-progress represent separately identifiable assets without physical substance. Work-in-progress represents the enhancement work on the Victorian Government Careers website and the development work on the State Workforce Data Analysis and Collection Application.

Initial recognition

Purchased intangible assets are initially measured at cost when the recognition criteria in AASB 138 *Intangible Assets* are met. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Commission.

Subsequent measurement

Intangible assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives.

Impairment

Intangible assets with finite useful lives are tested for impairment annually and whenever an indication of impairment is identified.

4.3 Asset depreciation

	2021	2020
	\$	\$
Capitalised software	270,006	251,312
Right of use buildings ^(a)	-	205,966
Leased motor vehicles	13,332	8,069
Leasehold improvements	21,621	103,591
Office and computer equipment	3,229	-
Total depreciation	308,188	568,938

Notes:

(a) The Right of use buildings depreciation charges relates to the Commission's accommodation lease which has been accounted for, under AASB16 up until 31 October 2019. Post 1 November 2019, VPSC's building lease is centrally managed by DTF.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, to its useful life. Depreciation begins when the asset is available for use in the location and condition necessary for it to be capable of operating in the manner intended by the Commission.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the different classes are included in the table below:

Useful life of assets

Asset class	Useful life (years)
Leasehold improvements	10
Office and computer equipment	4-5
Leased motor vehicles	2-3
Intangible assets	7

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

5. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the Commission's delivery of services.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Unearned income
- 5.4 Other non-financial assets
- 5.5 Other provisions

5.1 Receivables

	2021 \$	2020 \$
Contractual		
Receivables	995,116	1,457,590
Statutory		
Amounts receivable from government departments ⁽ⁱ⁾	7,755,685	10,130,461
GST recoverable	20,497	62,482
Total receivables	8,771,298	11,650,533
<i>Represented by:</i>		
Current receivables	8,612,204	11,517,705
Non-current receivables	159,094	132,828

Note:

(i) Amounts receivable from government departments represent funds held in the Public Account within the Department of Treasury and Finance. These funds belong to, and are available for operations of, the Commission.

Contractual receivables are classified as financial instruments and measured at amortised cost. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment.

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.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments.

5.2 Payables

	2021 \$	2020 \$
Contractual		
Creditors and accruals	1,131,801	2,118,447
Total payables	1,131,801	2,118,447
<i>Represented by:</i>		
Current payables	1,131,801	2,118,447

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

5.3 Unearned income

	2021 \$	2020 \$
Unearned income	1,155,385	1,064,372
Total unearned income	1,155,385	1,064,372

Unearned income predominantly represents fees and charges received for training courses and assessments to be held in future periods for the Graduate Recruitment Scheme and Classification Assessment Implementation, which are disclosed in other income. Such income is recognised as unearned income within the liabilities section of the balance sheet.

5.4 Prepayments

	2021 \$	2020 \$
Prepayments	348,856	118,301
Total prepayments	348,856	118,301

Prepayments represent payments in advance of receipt of goods or services, or the payments made for services covering a term extending beyond that financial accounting period.

5.5 Other provisions

	2021 \$	2020
Make-good provision	90,440	90,440
Total other provisions	90,440	90,440

The make-good provision is recognised in accordance with the agreement over the leased premises. The Commission is required to remove any leasehold improvements from the leased premises and restore the premises to its original condition at the end of the lease term.

The make-good provision relates to the new leasing agreement the Commission entered during the 2018-19 financial year on the existing premises.

6. How we financed our operations

Introduction

This section provides information on the sources of finance available to the Commission during its operations, along with interest expenses (the cost of lease liabilities) and other information related to financing activities of the Commission.

This section also includes disclosures on commitments for expenditure.

Structure

- 6.1 Borrowings
- 6.2 Reconciliation of net result for the year to cash flow from operating activities
- 6.3 Commitments for expenditure

6.1 Borrowings

	2021 \$	2020 \$
Secured		
Current lease liabilities	52,276	7,718
Non-current lease liabilities	-	26,976
Total Borrowings	52,276	34,693

Borrowings of the Commission relate to lease liabilities on motor vehicles.

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

Minimum 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.

Leases are secured borrowings as the rights to the leased assets will revert to the lessor in the event of a default.

There were no defaults and breaches of any lease condition during the current or previous year.

6.2 Reconciliation of net result for the year to cash flow from operating activities

	2021 \$	2020 \$
Net result for the year	(2,242,454)	(186,142)
Non-cash movements		
Depreciation	308,188	568,938
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	2,879,235	(645,254)
(Increase)/decrease in prepayments	(230,555)	10,176
Increase/(decrease) in creditors and accruals	(986,646)	499,657
Increase/(decrease) in provisions	899,697	1,574
Increase/(decrease) in other liabilities	91,013	463,160
Net cash flows from operating activities	718,478	712,109

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate, additional relevant information such as the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2021 \$	2020 \$
Outsourcing commitments		
Commitments for outsourcing recruitment services and other contractual obligations, are payable as follows:		
Within one year	1,239,645	1,465,332
Later than one year but not later than five years	748,000	998,250
Total commitments (inclusive of GST)	1,987,645	2,463,582
Less GST recoverable	(180,695)	(223,962)
Total commitments (exclusive of GST)	1,806,950	2,239,620
Centralised Accommodation Management (CAM) commitments ^(a)		
Commitments for management of accommodation leases by Department of Treasury and Finance (DTF) as follows:		
Within one year	277,773	832,113
Later than one year but not later than five years	-	277,773
Total commitments (inclusive of GST)	277,773	1,109,886
Less GST recoverable	25,252	(100,899)
Total commitments (exclusive of GST)	252,521	1,008,988

Note:

(a) In accordance with a Government initiative, from 1 November 2019 most of the Government accommodation leases are centrally managed by DTF. These commitments represent amounts payable to DTF to meet costs associated with the Commissions use of these accommodation facilities that are included in an occupancy agreement between the Commission and DTF.

7. Risks, contingencies, and valuation judgement

Introduction

The Commission is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Commission relates mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Categorisation of financial instruments
- 7.3 Financial risk management objectives and policies
- 7.4 Contingent assets and contingent liabilities

7.1. Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements between entities that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Commission's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables do not meet the definition of financial instruments as they do not arise under contract. The Commission's statutory receivables are disclosed in note 5.1.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs. These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Commission recognises the following assets in this category:

- cash and deposits; and
- trade receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs.

Financial instrument liabilities measured at amortised cost include all of the Commission's contractual payables and borrowings.

Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

7.2 Categorisation of financial instruments

	Note	Category	Carrying amount	
			2021 \$	2020 \$
Financial assets				
Cash and deposits ^(a)		Financial assets at amortised cost	-	600
Receivables ^(b)	5.1	Financial assets at amortised cost	995,116	1,457,590
			995,116	1,458,190
Financial liabilities				
Payables	5.2	Financial liabilities at amortised cost	1,131,801	2,118,447
Borrowings	6.1	Financial liabilities at amortised cost	52,276	33,970
			1,184,077	2,152,417

Note:

(a) The Commission has relinquished petty cash float previously held.

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

7.3 Financial risk management objectives and policies

As a whole, the Commission's financial risk management program seeks to manage the risks arising from volatility in financial instruments.

The Commission's main financial risks include credit risk, liquidity risk and market risk. The Commission manages these financial risks in accordance with its financial risk management policy.

Credit risk

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

Credit risk associated with the Commission's financial assets is minimal because the main debtor is the Victorian Government.

Liquidity risk

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

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

Market risk

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

7.4 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There were no contingent assets relating to the Commission as at 30 June 2021 (30 June 2020: Nil).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There were no contingent liabilities relating to the Commission as at 30 June 2021 (30 June 2020: Nil).

8. Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

Structure

- 8.1 Restructuring of administrative arrangements
- 8.2 Subsequent events
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related parties
- 8.6 Remuneration of auditors
- 8.7 Australian Accounting Standards issued that are not yet effective

8.1 Restructuring of administrative arrangements

With effect from 1 December 2020, as part of a machinery of government restructure, the Commission (Transferee) assumed responsibility for the Jobs and Skills Exchange, from the Department of Premier and Cabinet (Transferor).

The net assets assumed by the Commission for the Jobs and Skills Exchange due to the administrative restructure is recognised in the balance sheet at the carrying amount of those assets in the transferor's balance sheet immediately before the transfer.

The net asset transfers were treated as a contribution of capital by the State.

	Transfer in \$
Assets	
Receivables ^(a)	230,476
Liabilities	
Employee benefits	(122,244)
Creditors and Accruals	(88,374)
Net assets	19,858

Note:

(a) This includes cash transferred, which is recognised as part of the amount recoverable from the government by the Commission.

8.2 Subsequent events

Due to further machinery of government administrative restructuring, certain sections of the Public Sector Reform Unit within the Department of Premier and Cabinet, will be transitioned to the Commission. The effective date for this transfer is 1 July 2021.

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

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

Position	Name	Term
Responsible Minister	The Hon Daniel Andrews, MP, Premier	01 July 2020 to 07 July 2020
Responsible Minister	The Hon Danny Pearson, MP, Minister for Government Services	08 July 2020 to 30 June 2021
Accountable Officer	Adam Fennessy, Commissioner	01 July 2020 to 30 June 2021

Remuneration

Remuneration received or receivable by the Accountable Officer, in connection with the management of the Commission during the reporting period was in the range of \$490,000 - \$499,000 (\$520,000 - \$529,999 in 2019-20).

Amounts relating to the Minister are reported in the financial statements of the Department of Parliamentary Services.

8.4 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee expenses in all forms of consideration paid, payable or provided by the entity or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

- short-term employee expenses include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services;
- post-employment benefits include employer contributions for members of both defined benefit and defined contribution superannuation plans;
- other long-term benefits include long service leave, other long-service benefit or deferred compensation; and
- termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers

	2021 \$	2020 \$
Short-term employee benefits	1,270,943	1,189,156
Post-employment benefits	140,483	110,589
Other long-term benefits	(6,421)	(60,328)
Total remuneration	1,405,005	1,239,416
Total number of executives	6	7
Total annualised employee equivalents ^(a)	4.81	6.12

Notes:

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

8.5 Related parties

The Commission is a wholly owned and controlled entity of the State of Victoria. Related parties of the Commission include

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

Significant transactions with government-related entities

The Commission received grants from the Department of Premier and Cabinet of \$12 million (2020: \$10 million)

Key management personnel (KMP) of the Commission during the financial year include the Portfolio Minister, the Commissioner and the members of the Senior Executive Team as detailed below.

Key management personnel	Role
Adam Fennessy PSM	Commissioner (27 July 2020 to 30 June 2021)
Julia Griffith PSM	Acting Commissioner (1 July 2020 to 26 July 2020, 11 January 2021 to 19 January 2021, 1 April 2021 to 9 April 2021)
Julia Griffith PSM	Deputy Commissioner (27 July 2020 to 10 January 2021, 20 January to 30 June 2021)
Elizabeth Langdon	Deputy Commissioner (1 December 2020 to 8 March 2021)
Natasha Thompson	Executive Director (1 July 2020 to 30 June 2021)
Daen Dorazio	Executive Director (1 July 2020 to 30 June 2021)
Verity Harris	Executive Director (1 July 2020 to 30 June 2021)
Christian Hofmann	Director (8 March to 30 June 2021)

The compensation detailed below excludes the salary and benefit the Portfolio Minister receives. The Minister's remuneration and allowance are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported in the financial report of the Department of Parliamentary Services.

Compensation of KMP	2021 \$	2020 \$
Short-term employee benefits	1,737,573	1,497,964
Post-employment benefits	162,177	119,734
Other long-term benefits	(3,320)	15,805
Total remuneration ^(a)	1,896,430	1,633,503

Notes:

(a) The amount disclosed for 2020 is inclusive of remuneration received/receivable by incumbent acting in the capacity of VPSC Commissioner during the period of the role's vacancy.

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Commission, there were no related party transactions that involved KMPs and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.6 Remuneration of auditor

	2021 \$	2020 \$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the annual financial statements	17,500	17,600

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

8.7 Australian Accounting Standards issued that are not yet effective which are applicable to the Commission

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Commission's Financial Statements.

The Commission is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Commission will not early adopt the Standard.

The Commission is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Commission's reporting.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.

ACCOUNTABLE OFFICER’S AND CHIEF FINANCIAL OFFICER’S DECLARATION

The attached financial statements for the Victorian Public Sector Commission have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister of Finance under 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, cash flow statement, statement of changes in equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of the Victorian Public Sector Commission as at 30 June 2021.

At the time of signing, 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 6 September 2021.



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Andrew Davis
Chief Financial Officer

Adam Fennessy PSM
Victorian Public Sector Commissioner

Melbourne
6 September 2021

Melbourne
6 September 2021



Independent Auditor's Report

To the Commissioner of the Victorian Public Sector Commission

Opinion	<p>I have audited the financial report of the Victorian Public Sector Commission (the Commission) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2021• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Commission as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commissioner's responsibilities for the financial report	<p>The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioner is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner
- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
10 September 2021



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Contact us

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