

# ANNUAL REPORT

2017-2018

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**Erratum**

1. In the *VPSC Annual Report 2016-17*, the number of females aged 55–64 was incorrectly reported as '4' and should have been reported as '5'.
2. In the *VPSC Annual Report 2016-17*, the number of female EO3 was incorrectly reported as '3' and should have been reported as '4'.
3. In the *VPSC Annual Report 2016-17*, the total units of metered water consumed (kilolitres) was incorrectly reported on page 24 as 29,204; this figure refers to the entire Treasury precinct's consumption.
4. In the *VPSC Annual Report 2016–17*, total greenhouse gas emissions from energy were reported incorrectly as '1.08' and should have been reported as '194' for Scope 2 and '18' for Scope 3.
5. In the *VPSC Annual Report 2016-17* the number of enquiries regarding Lobbyists and approvals of applications to be added to the Register of Lobbyists was reported as 103 and 41 respectively. The report did not indicate the period in which consolidated data collection commenced, which was 1 January 2017.



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# SECTION 1 – Year in Review

## From the Victorian Public Sector Commissioner

During 2017-18, the Victorian Public Sector Commission (VPSC) underwent significant transition. I was honoured to take up the position of Commissioner in January 2018. It has been particularly rewarding to work with the Commission's staff towards the delivery of the outcomes identified in the Commission's new Strategic Plan, released in May 2018.

### Improving data utilisation

The Commission conducted a successful People Matter Survey in April-May 2018. Engagement efforts across the Victorian public sector saw a significant increase in the total number of respondents from 69,000 to over 91,000, with the response rate increasing by nine percentage points (from 38 per cent in 2017 to 47 per cent this year). The Commission provided almost 5,400 detailed reports to 180 participating agencies, with several improvements in this reporting period relative to last year, particularly more effective executive summary reports.

### Advancing workforce diversity

The Commission undertook extensive consultation with Victorian Public Service (VPS) departments and Victoria Police towards the development of a comprehensive Disability Employment Action Plan, expected to be released in early 2018-19. The Commission will be actively involved in implementation of the Plan, which will include disability employment targets for the VPS as a whole.

The Commission also made good progress in the implementation of the *Barring Djinang* initiative. Launched in July 2017, *Barring Djinang* is the Victorian public sector's Aboriginal Employment Strategy for 2017-2022. It identifies five focus areas across various stages of the employment lifecycle, with a strong focus on expanding the career options and experiences of Aboriginal staff. In 2017-18, 34 Aboriginal employees commenced their participation in four initiatives in pursuit of the Strategy.

### Strengthening integrity

The Commission's initiatives to advance integrity and professionalism across the public sector this year have included supporting the development of strengthened arrangements to address sexual harassment in the workplace. The Commission also worked to improve clarity and transparency in the Gifts, Benefits and Hospitality Framework and developed new tools, including a model policy and declaration templates, providing practical assistance to sector employees. The Commission also undertook extensive consultation with departments and agencies in developing policy to manage conflicts of interest that might arise from consensual personal relationships in the workplace.

### Driving executive workforce reform

In 2017-18, the Commission completed a comprehensive series of Industry Segment Reviews, examining executive remuneration and performance arrangements in Victorian public sector entities outside the public service. A final report and eight supporting volumes have been submitted to the Premier for consideration.

### Developing leaders

In recognition of the particular capabilities required of VPS leaders, the Commission undertook to redevelop the executive development offerings of the Victorian Leadership Academy. As part of this process, the Commission engaged widely among stakeholders. Drawing on feedback, expert advice and research, the Commission has designed a new leadership development approach. This will commence initially with participation by EO3 level senior executives. This is the senior executive level that works directly with VPS middle managers.

## Setting a strong foundation

The Commission's strategic and annual plans were approved by the Premier in late May 2018 in accordance with the requirements of the *Public Administration Act 2004* (PAA). The Commission's strategic plan sets out our priorities to 2020. In particular, the Commission has established a vision to work collaboratively with departments and agencies to support the achievement of the following outcomes:

- an integrated and future-focused public sector
- an inclusive, high performing and engaged workforce
- empowering and engaged leaders
- a public sector that is trusted by Victorians

The announcement of new funding for the Commission in the Government's May 2018 Budget has provided a more secure platform for the Commission's work in 2018-19. It will enable the Commission to consolidate reforms undertaken this year, and invest in the strategic capabilities to provide effective leadership, guidance and support to the Victorian public sector.

## In conclusion

I would like to thank the staff of the Commission for enthusiastically embracing our new directions and priorities. I value their professionalism, hard work and genuine commitment to providing great service to the Victorian public sector and ultimately, the Victorian community.

I would also like to acknowledge the guidance of the VPSC Advisory Board. The Board has been a key source of advice in establishing the new strategic direction for the Commission.



**Dr Paul Grimes PSM**  
**Commissioner**

**10 September 2018**

## About the Victorian Public Sector Commission

The VPSC was established on 1 April 2014 to achieve a range of legislative functions through an amendment to the PAA. The VPSC is headed by a Commissioner and has a range of legislated functions to achieve its objectives. These are to:

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

The VPSC helps strengthen public sector efficiency, effectiveness and capability by:

- assessing, researching and providing advice and support on issues relevant to public sector administration, governance, service delivery and workforce management and development
- collecting and reporting on whole of government data
- conducting enquiries as directed under the Act by the Premier.

We support sector integrity 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 relevant recommendations
- maintaining a register of lobbyists.

A number of programs are administered by the VPSC on behalf of, and for public sector bodies. These include:

- Government Sector Executive Remuneration Panel (GSERP)
- Recruitment Experience and Careers.Vic
- Government Appointments and Public Entities Database (GAPED)
- Victorian Leadership Academy (VLA)
- Barring Djinang: Aboriginal Employment Strategy
- People Matter Survey.

The VPSC also maintains a register of instruments made under the PAA, which is published on the VPSC website.



# Victorian Public Sector Commission Strategic Plan to 2020

The VPSC Strategic Plan to 2020 was approved by the Premier on 21 May 2018.

## Our purpose

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

## Our approach

We work closely with government departments and agencies to achieve our outcomes. We will:

- be the go-to provider of information about and to the public sector
- be the trusted, expert adviser of the sector
- be visible, open and engaged with the sector
- track the impact we make.

# VPSC STRATEGIC PLAN TO 2020

VISION: A TRUSTED PUBLIC SECTOR THAT ACHIEVES EXCELLENCE FOR THE VICTORIAN COMMUNITY



Sector outcomes driven by the Commission

VPSC Strategic Priorities 2017-2020

## 1. Promote workforce reform

- Lead strategic whole of Victorian government People initiatives
- Provide workforce planning expertise
- Support employment pathways
- Provide consultancy services

## 3. Promote a diverse and inclusive culture

- Lead Aboriginal and Disability, cultural and other diversity strategies
- Measure, monitor and report on performance

## 2. Develop outstanding leadership

- Utilise the Victorian Leadership Academy
- Provide executive performance standards
- Support executive mobility

## 4. Improve public trust

- Drive preventative integrity actions across the sector
- Support capability of regional agencies and public sector boards
- Review and inquire into critical issues
- Induct leaders on values and standards

A LEADING PUBLIC SECTOR COMMISSION

How the VPSC will work

The go-to provider of information about and to the sector

The trusted, expert adviser of the sector

Visible, open and engaged with the sector

Track the impact we make

# Performance Reporting – Non-Financial

## Strengthen the efficiency, effectiveness and capability of the public sector

### Victorian Leadership Academy

#### A new approach to executive development

In September 2017, the Victorian Secretaries Board (VSB) reviewed the Victorian Leadership Academy and endorsed a shift in approach to a broad uplift of executive capability across departments and Victoria Police.

This approach has been informed by broad consultations and it will reinforce new ways of working in a collaborative and service-oriented culture that continues to deliver increased value to Victorians.

Development will focus on the individual capabilities of senior executives within the context of their current responsibilities. Participating executives be actively supported by their supervising executives to ensure that there is an immediate impact on the current work being undertaken by departments.

The first executive cohort of EO3s, drawn from all departments and Victoria Police, will begin the new 12 month program in September 2018. It is anticipated that new tailored development programs for the EO2 and Deputy Secretary cohorts will be launched in 2019.

#### Earlier cohorts

In 2016-17, 234 executives attended the Hudson assessment centres and completed individual development plans. This cohort included the 22 pilot group participants, and 212 subsequent participants.

In 2017-18, the 2016-17 pilot group undertook development activities including immersion sessions in external organisations, executive coaching, leading thinker discussions and workshops.

Participants from the second intake are receiving further development activities, including a three part seminar series and three part workshop series. Executive coaching has also commenced.



### Executive Workforce Reform

In December 2016, the Premier issued terms of reference directing the VPSC to:

- review executive employment across the public sector
- develop a new approach to executive classification within the public service
- develop an executive performance management framework within the public service

The outcomes of the review and the frameworks aim to support the VPS and the broader public sector to attract and retain a high performing executive workforce, and provide greater consistency and transparency in executive employment matters.

## Review of executive employment arrangements in the public sector

In June 2018, the VPSC delivered eight industry segment reviews and a final report on public sector entity executive employment and remuneration arrangements to the Premier and the Special Minister of State for consideration. The industry segments reviewed include: public healthcare; transport, construction and infrastructure; finance and insurance; water and land management; sports, recreation, arts and facilities; emergency services; TAFE and other education; regulators and other agencies.

## New executive classification framework

The draft classification framework and assessment methodology, aimed to be finalised in late 2018, will provide a consistent and transparent approach for classifying Executive Officer (EO) roles. The key elements of the draft framework include:

- assessment of executive roles based on work value
- work level standards which offer a basis for describing and determining the classification of executive roles
- work value assessment methodology and training.

The development of the draft work value assessment methodology was informed through a pilot in partnership with the Department of Justice and Regulation (DJR).

## New performance management framework

The executive performance management framework was under development during 2017–18 and will seek to drive high performance, support career development and foster a positive workplace culture. It will encourage consistent EO performance management where performance outcomes and expectations align with Government and organisation priorities, public sector values and leadership capabilities.

The draft framework is expected to be finalised in late 2018.

## Workforce Data Collection

This is an annual census that collects employment and demographic information on all employees in the VPS. The information is used to report on the profile of the workforce and to inform workforce planning and management.

The 2017 collection gathered 333,000 employee records from 1,805 separate employers, including schools and health services. The VPSC produced over 200 reports for employer agencies that provide individualised comparative data on the composition and characteristics of their employees.

The workforce data is collected from public sector employers using an on-line data collection and validation tool. During 2017 the VPSC commenced a project to update and replace the existing data collection tool which has been in operation since 2001. The new tool will be more flexible and responsive to changing needs. It will provide for better data validation at the collection source (i.e. the public sector agency) and is expected to improve the VPSC's capacity to collect accurate and timely workforce information from public sector agencies. The new tool is to be used for the 2018 data collections.

Strategic  
Priority 1:  
Promote  
workforce  
reform

Strategic  
Priority 2:  
Develop  
outstanding  
leadership

Strategic  
Priority 1:  
Promote  
workforce  
reform

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

## The State of the Public Sector in Victoria Report

The VPSC published the *The State of the Public Sector in Victoria 2016-17* in February 2018. This annual report draws on the workforce data collection and other whole of government data sets to provide a comprehensive statement of the composition of the public sector, its workforce, executives and boards of governance. The report is a valuable resource for stakeholders and the public interested in understanding the structure of the VPS and the profile of its people.

To supplement the report, ten years of data on the public sector workforce has been published in interactive form on the VPSC website under the title *Data Insights: A Decade of Public Sector Workforce Data*. Topics covered include: employee numbers, part time employment, age profile, work location, gender equality, and Aboriginal employment. The interactive charts illustrate changes and flows in the workforce over time.

## Government Sector Executive Remuneration Panel

The Government Sector Executive Remuneration Panel (GSERP) administers government policy on executive remuneration. The policy applies to all Victorian public entities employing executives apart from those which employ executives under the PAA.

The Victorian Public Sector Commissioner chairs GSERP. In addition to supporting the Chair, the VPSC provides executive employment and remuneration advice, information and support to Secretaries and public entity Board Chairs and Chief Executive Officers.

The VPSC answered 332 enquiries and finalised 42 submissions during the year. The largest share of both enquiries and submissions came from public entities in the DELWP and DEDJTR portfolios. The most common subjects for enquires related to remuneration policy and the individual total remuneration package (TRP).

## Barring Djinang: Aboriginal Employment Strategy

*Barring Djinang* is the Victorian public sector Aboriginal Employment strategy for 2017-2022. It was developed by the VPSC and launched in July 2017.

*Barring Djinang* identifies five focus areas, supported by 16 initiatives operating across various stages of the employee lifecycle, with a strong focus on enhancing career options and experiences of Aboriginal staff. The initiatives include programs, coordination and performance monitoring. The five focus areas are:

- improve attraction and recruitment
- create progressive career experiences
- create culturally safe workplaces
- enhance supports for Aboriginal staff
- provide central oversight and strong governance.

Program responses have been designed to meet gaps between existing departmental programs and to create employment pathways and linkages for new and existing employees. Coordination and monitoring responses are designed to promote good practice, leverage expertise, and strengthen measurement of Aboriginal employment outcomes across the sector.

Initiatives already underway include the Aboriginal Pathway to VPS GRADS (the Pathway), the Aboriginal Career Development Program (ACDP) and the Aboriginal Undergraduate Cadetship Program (AUCP).

Strategic  
Priority 1:  
Promote  
workforce  
reform

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

Strategic  
Priority 4:  
Improve  
public  
trust

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

The Aboriginal Future Leaders Program (AFLP) and the first Regional Aboriginal Staff Network (RASN) began in July 2018. Development for an Aboriginal Vocational Graduate Program will be completed in the second half of 2018, and will begin delivery in early 2019. Development of a Public Entity Capacity Building program will commence in 2018, and will see the VPSC partner with selected public sector agencies to grow Aboriginal cultural capability in the broader public sector. A cultural capability toolkit will be developed in the next reporting period and be made available across the public sector.



## **Recruitment Experience and Careers.Vic**

The Recruitment Experience team within the VPSC plays a key role in enabling Victorian public sector entities to attract and recruit high-quality candidates.

The team delivers on this responsibility through its active management of the [careers.vic.gov.au](https://careers.vic.gov.au) website, management of the whole-of-Victorian Government contract for the Springboard eRecruitment tool, and through its management of a senior recruiters network.

## **Springboard eRecruitment network**

The VPSC is responsible for the contract management and coordination of the Victorian Government's eRecruitment system, Springboard. The eRecruitment system is actively used by all VPS departments, Victoria Police and over 80 entities across the public sector, providing a logical end-to-end pathway from planning through to evaluation.

The Recruitment Experience team works with key stakeholders in Department of Premier and Cabinet, departments and sector partners to identify opportunities to broaden the functionality of Careers.Vic to support emerging whole-of-Victorian government workforce capability and mobility demands.



## Careers Portal Improvement Project

The Careers.Vic website is the front door to employment opportunities within the Victorian public sector, attracting over 30,000 job seekers weekly. It showcases the Victorian public sector as an employer of choice, promotes diversity, and showcases the many pathways into the sector.

In 2017, a review of analytics and community feedback showed that Careers.Vic was not meeting the needs of job seekers, impeding the Victorian public sector's ability to attract high-quality job applicants.

In response, the VPSC initiated a Careers.Vic refresh project. Phase One of this project delivered a new website on 30 April 2018, resulting in substantial improvements to user experience on the site, customer satisfaction ratings and significant increases in traffic.

Phase Two of the redevelopment is underway and will increase the number of public sector entities currently using Careers.Vic. As a result, the share of public sector employment opportunities advertised on Careers.Vic is expected to increase from 30 per cent in 2017-18 to approximately 80 per cent by September 2018.

Strategic  
Priority 1:  
Promote  
workforce  
reform

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

## Government Appointments and Public Entities Data Base

The government appoints people to over 11,000 official positions in Victoria. The VPSC manages this database to record and monitor these appointments and generates reports from the database to assist government in managing the appointment process.

This includes monthly reporting to government on vacancies and appointments to measure achievement against the objective that women comprise 50% of all appointments to major public boards.

The VPSC is working in partnership with DPC and other key stakeholders to improve the database's capacity to capture and report on other diversity characteristics, such as disability or Aboriginality, to support the government's aim of increasing representation of these groups on public boards.

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

Strategic  
Priority 4:  
Improve  
public  
trust

## VPS GRADS

The VPS Graduate Recruitment and Development Scheme (GRADS) is a flagship, entry level pathway to a career within the VPS for tertiary graduates. Now in its 35th year, GRADS is managed by the VPSC on behalf of VPS departments and agencies. During the 12 month program, graduates rotate through three departments or agencies and learn about working in the public service, lead projects and contribute to a variety of initiatives.

GRADS placed 91 graduates for the 2018 intake

Candidates	Candidates placed
Male	49
Female	41
Self described	0
Did not disclose	1
<b>Total</b>	<b>91</b>

## GRADS refresh

The VPSC is working with stakeholders to refresh and expand the GRADS. This is a major change project that is creating a more flexible, scalable and collaborative model that will build a sustainable pipeline of diverse, high potential talent to meet current and future workforce capability needs.

The refresh responds to findings of the Victorian Auditor-General's *Audit of the Effectiveness of the Victorian Public Sector Commission* (2017). It is underpinned by research into contemporary practice in the private and public sectors and consultation with key stakeholders across the VPS, current and past graduates, diversity groups and communities and all organisations that offer technical and specialist graduate pathways to the VPS.

The refresh agenda repositions the GRADS to build a sustainable pipeline of diverse, high potential talent for the VPS to deliver on current and future priorities for Victoria. The refresh is informed by engagement and consultation with key stakeholders, including organisations across the VPS, current and past graduates, diversity groups and communities and those VPS organisations offering technical and specialist graduate pathways.

The collaborative delivery approach provides the flexibility to respond to current, emerging and future workforce capability demands. This includes a more focused approach to increasing the overall graduate intake, and accelerating plans to introduce new streams to better target recruitment to areas where there is a high demand for more specialised skills, such as IT and data analytics.

Initiated in January 2018, the first six months of the GRADS refresh has focused on strengthening governance arrangement and new systems and process for data collection and analytics, impact measurement and reporting, and continuous cycle of review.

Other initiatives include:

- A technical skills recruitment pilot in partnership with the Department of Treasury and Finance (DTF) launched in May 2018. Outcomes will inform the recruitment methodology redesign, as well as the design of new technical streams focusing on in-demand skills and capabilities.
- The 2018 VPS GRADS cohort's use of the Public Sector Innovation Platform, launched by DPC's Public Sector Innovation Network in March 2018. This provides a real-time channel for open, two-way communication and engagement.
- Reimagining recruitment and selection to deliver a flexible, robust and inclusive service that can scale up service and solution delivery to meet increasing demand for GRADS in response to the changing workforce demands of the VPS.



## Disability Employment Action Plan

In 2017-18, the VPSC led the development of the whole-of-government Disability Employment Action Plan (DEAP). The DEAP will support the Victorian Government to achieve the goals set out in *Every opportunity – Victorian economic participation plan for people with disability 2018-2020*. This includes increasing the meaningful employment of people with disability across all levels of the public sector, and meeting employment targets of people with a disability across all departments and Victoria Police (unsworn staff).

A cross-government Steering Group has been overseeing the development of the DEAP. Members include departmental and Victoria Police representatives and members of the Enablers Network, a network for employees with disability from across the Victorian public sector.





The DEAP identifies three key focus areas requiring targeted effort to lift disability employment rates:

- build awareness through access to information
- attract and recruit people with disability
- support employees with disability.

The DEAP will adopt a staged approach that recognises departments and the wider public sector are at different stages of disability awareness and confidence. The actions and core accountabilities can be customised according to each organisation's own needs. The actions leverage existing initiatives and underpin a longer term agenda to improve workforce participation of people with disability.

The DEAP supports the Government's obligations under *Absolutely everyone: state disability plan 2017–2020*, the *National Disability Strategy 2010–2020*; and in the delivery of a key objective of the National Disability Insurance Scheme.

## Maintain and advocate for public sector professionalism and integrity

### Gifts, Benefits and Hospitality Policy Framework

In collaboration with VPS departments and the Integrity Subcommittee of the Victorian Secretaries Board, the VPSC has continued to update the framework to provide greater clarity and improved reporting and transparency.

Mandatory minimum accountabilities in the policy framework include:

- Distinguish between token and non-token offers. A token offer cannot be worth more than an estimated \$50.
- Adopt a principles-based approach, recognising that each person needs to assess and determine whether an offer presents an actual, potential or perceived conflict of interest and then whether it has a legitimate business purpose.
- Incorporate stronger reporting and transparency requirements. Individuals must record all non-token offers of gifts, benefits and hospitality on their organisation's register, irrespective of whether or not the offer was accepted. Organisations are required to publish their gifts, benefits and hospitality policy and register on their public website.

During the year, the VPSC also developed new resources to help manage gifts, benefits and hospitality. This includes a model gifts, benefits and hospitality policy and templates for a declaration form and register.



### Monitoring integrity standards

The VPSC maintains and advocates for public sector professionalism and integrity. This includes monitoring how well public sector organisations apply the values, codes of conduct, employment principles and standards. Anyone, including public sector employees or members of the public, may raise concerns about these matters with the VPSC. The VPSC may request information from public sector organisations and may make recommendations to change or introduce new processes.



In addition, public sector employees may apply to the VPSC for review of an employment related action, such as discipline, in four circumstances:

- the employer did not conduct an initial review
- the initial review process was unfair
- the employer personally took the action or was the primary decision maker
- the employee was victimised for previously applying to the VPSC for a review

In 2017-18, the VPSC answered 456 enquiries and managed 25 reviews, including reviews of actions and complaints about organisations not complying with the values, codes, principles or standards. The former was a significant increase from last year and is indicative of the VPSC's role as trusted adviser. The most common enquiries related to:

- managing and publicly recording offers of gifts, benefits and hospitality
- review functions of the VPSC
- expected standards of behaviour and alleged breaches of the code.

The reviews most commonly covered issues such as selection processes, bullying, discrimination, performance management and termination of employment. Thirty-six per cent of these cases were resolved informally and the VPSC recommended changed or new processes in a further eight per cent of cases. This included a recommendation that public sector organisations provide employees with sufficient information about investigations and grievances for them to respond.

During 2017-18, the VPSC continued to deliver activities that build the capability of public sector organisations to provide a reasonable avenue of redress, including:

- Register of Review Officers. There are currently 18 independent investigators and reviewers listed on the register, including two that joined this year. Employers may engage any of the investigators or reviewers through their normal procurement processes.
- Review of Actions Registrars Network. The network meets quarterly to share best practice in managing and resolving complaints.

## Monitoring integrity reform in the Department of Education and Training

In July 2015, the Deputy Premier and Minister for Education, The Hon. James Merlino MP, requested the VPSC independently monitor and assess the Department of Education and Training's (DET) response to issues identified in investigations by the Independent Broad-based Anti-corruption Commission (IBAC).

The VPSC has examined DET's activity to build a culture of integrity and strengthen its systems, processes and controls.



## Lobbyist Register

The PAA and the *Victorian Government Professional Lobbyist Code of Conduct* require the VPSC to maintain a Register of Lobbyists. The Code and the Register contribute to the objective that contact between government representatives and lobbyists is conducted in a manner consistent with public expectations of transparency, integrity and honesty.

In 2017-18, the VPSC answered 225 enquiries and approved 73 applications for registration during the year. Technical improvements are planned for 2018-19. It is expected these will reduce administrative enquiries about the Register, such as password enquiries and changes of lobbyist details. The majority of applications to the VPSC were lobbyists registrations of new employees. The VPSC received no complaints in 2017-18 about the activities of lobbyists.

A circular graphic with a dotted border containing the text "Strategic Priority 4: Improve public trust".

Strategic  
Priority 4:  
Improve  
public  
trust

## People Matter Survey

The annual People Matter Survey collects employee views on how well the public sector values and employment principles are applied within their workplace. The survey also gathers information on a range of people management issues such as job satisfaction and employee engagement.

During the reporting period, 183 public sector organisations participated in the 2018 survey and 91,024 employees responded, representing a record high response rate of 47%.

Survey results were reported back to participating organisations in 5,390 reports produced by the VPSC. These reports provided data at whole-of-organisation level, as well as data from similar agencies for comparison purposes.

## People Matter Survey Reform Project

In November 2017, the Victorian Secretaries' Board requested that the VPSC conduct a review of the People Matter Survey. The review investigates options for an improved survey format in 2019 so that the survey can be used to drive higher levels of accountability and public sector performance into the future.

A time-limited team is considering sector-wide organisational perspectives and global best practice by undertaking extensive consultation and research.

Extensive consultations with departments and public sector entities have identified four key issues:

- the length and complexity of the survey
- ensuring the data collected meets organisational needs
- organisations' requirements for more dynamic data reporting and analysis
- the need for VPSC to work more effectively with organisations to help them understand their results.

The VPSC is currently considering ways to improve the survey platform and format.

A circular graphic with a dotted border containing the text "Strategic Priority 1: Promote workforce reform".

Strategic  
Priority 1:  
Promote  
workforce  
reform

A circular graphic with a dotted border containing the text "Strategic Priority 3: Promote a diverse and inclusive culture".

Strategic  
Priority 3:  
Promote a diverse  
and inclusive  
culture

## Preventing and responding to sexual harassment

On 22 March 2018, VSB released a statement on sexual harassment, sending a clear message to all of the Victorian Public Sector: *We will listen to and work with people affected by sexual harassment.*

Building on this statement, the Sexual Harassment in the Victorian Public Service Working Group was set up under the auspices of the Integrity and Corporate Reform Sub-committee of VSB. Chaired by the Deputy Public Sector Commissioner, this working group is leading work to promote best practice prevention and response to sexual harassment in the workplace, and the delivery of consistent outcomes.

The working group is developing a *Model Policy for Preventing and Responding to Sexual Harassment* to assist departments with preventing and responding to allegations of sexual harassment, and guidance materials for this purpose will follow later in 2018.

## Managing conflicts of interest in consensual personal relationships

The Model Conflict of Interest Policy was updated by the VPSC to include high-level processes for the management of consensual personal relationships in the workplace. A practice guide to support implementation was also developed by the VPSC.

Consensual personal relationships may, in many cases, occur without any concerns arising around potential or actual conflicts of interest in the workplace, and may continue privately without any need for disclosure. However, the model policy provides that consensual relationships should be confidentially disclosed where an actual, potential or perceived conflict of interest cannot be appropriately managed.

Consensual personal relationships involving people in a direct hierarchical relationship (i.e. in the same reporting line, where one person has supervisory or decision making authority over the other) represent a potential conflict of interest. To manage this conflict, the model policy states that employees must confidentially declare such relationships. This allows any necessary arrangements to be put in place, which may include changes to reporting or supervisory arrangements.

## Integrity in recruitment

Integrity vulnerabilities in Victorian public sector recruitment processes have been the subject of several integrity body reports. Inadequate pre-employment screening leading to the recycling of employees with a history of misconduct has been identified as a key integrity risk.

In response to ongoing integrity risks, in 2017-18 the VPSC undertook work towards the development of a pre-employment screening policy that would seek to prevent employees moving between public sector employers without their past misconduct being known.

Following the completion of current consultation, the policy will be implemented as soon as necessary systems are in place.



Strategic  
Priority 4:  
Improve  
public  
trust



Strategic  
Priority 4:  
Improve  
public  
trust



Strategic  
Priority 4:  
Improve  
public  
trust

# Performance Reporting – Financial

## Victorian Public Sector Commission – Five year summary

	2018	2017	2016	2015	2014
	\$000'	\$000'	\$000'	\$000'	\$000'
Total income from transactions	17,112	15,813	11,713	11,428	11,160
Total expenses from transactions	14,294	14,300	10,350	11,482	10,602
Net result from transactions	2,818	1,513	1,363	-54	559
Net result for the period	2,817	1,491	1,363	-61	556
Net cash flows from operations	771	22	15	24	18
Total assets	13,799	9,894	7,460	5,817	5,509
Total liabilities	4,271	3,620	2,678	2,360	1,991
<b>Net worth</b>	<b>9,528</b>	<b>6,274</b>	<b>4,783</b>	<b>3,457</b>	<b>3,519</b>

### Current financial year review and significant changes in financial position

In 2017-18, the VPSC achieved a net result from transactions of \$2.82 million, this is \$1.31 million higher than 2016-17. The increase in net results from transactions is mainly due to increased grants received for Executive Reforms, Victorian Environmental Water Holder Review, Disability Employment Action Plan, Victorian Government Career Portal Improvement Project and the State Workforce Data Analysis and Collection Project.

### Financial position – balance sheet

The VPSC's net asset base as at 30 June 2018 is \$13.80 million, an increase of \$3.91 million from 2016-17. The higher net asset base has been primarily driven by an increase in receivables for future projects which includes Executive Reforms, Victorian Environmental Water Holder Review, Disability Employment Action Plan, Victorian Government Career Portal Improvement Project and the State Workforce Data Analysis and Collection Project.

### Significant changes or factors affecting performance

There were no significant changes or factors which affected the VPSC's performance during the reporting period.

### Capital projects

The VPSC commenced the following major capital projects during the 2017-18 financial year which are expected to be completed in 2018-19:

- Victorian Government Career Portal
- SWACA.

### Disclosure of grants and transfer payments

The VPSC had not provided any grants or transfer payments to companies or organisations.

### Subsequent events

There are no subsequent events to report.

# Section 2 – Governance and Organisational Structure

## Ministers

The VPSC is overseen by the Special Minister of State, Mr Gavin Jennings, MLC. The Special Minister of State is responsible for government transparency, integrity, accountability and public sector administration and reform.

Under the PAA, the Premier may direct the VPSC to conduct an inquiry into any matter relating to a public sector body other than the Independent Broad-based Anti-corruption Commission; the office of the Ombudsman; the Victorian Auditor-General's Office; the Victorian Electoral Commission; or the Victorian Inspectorate.

## Organisational Structure

The VPSC is led by the Commissioner. The Deputy Commissioner reports to the Commissioner.

In 2017-18, the Commissioner and Deputy Commissioner were supported by the Director, Analytics and Performance; the Director, Integrity and Advisory; the Director, Victorian Leadership Academy; the Director, Workforce; the Manager, Corporate Services, and the Manager, Strategy and Engagement. Together, this team creates the VPSC's Executive Leadership Team.

### Paul Grimes – Commissioner

Dr Paul Grimes PSM was appointed Victorian Public Sector Commissioner in January 2018. A career public servant, Dr Grimes previously served as Secretary of the Australian Government Department of Agriculture and, earlier, Secretary of the Australian Government Department of Sustainability, Environment, Water, Population and Communities.

### Elizabeth Langdon – Deputy Commissioner

Elizabeth Langdon was appointed Deputy Commissioner in March 2018, following a seven month period as Acting Commissioner. Ms Langdon joined the VPS in 2005, spending 8 years in DPC in policy and corporate leadership roles before joining the Department of Health (now DHHS) in 2013, where her last role was as Deputy Secretary, People, Capability and Oversight.

## Victorian Public Sector Commission organisational chart 2017-18

<b>Analytics and Performance</b> System infrastructure Collections Analysis Research Reporting, including GAPED	<b>Integrity and Advisory</b> Organisational reviews Public sector advisory Codes, standards, legislation Executive remuneration, GSERP, governance advice Lobbyists and Government Affairs Directors Conflict of Interest, Gifts Benefits & Hospitality	<b>Workforce</b> Workforce programs Workforce frameworks Aboriginal employment Disability employment eRecruitment Workforce strategy Organisational performance People policy Culture and change Future workforce
<b>Victorian Leadership Academy</b> Executive officer assessments Learning activities Executive development	<b>Corporate</b> Human resources Information Technology Finance / audit Business reporting Admin support and business services	<b>Strategy and Engagement</b> Governance Strategic planning and reporting Communications and engagement

# Governance

## Audit and Risk Management Committee membership and roles

The Audit Committee consists of the following members:

### Chairperson:

- Merran Kelsall – Independent member

### Members:

- Shaun Condon, Deputy Secretary Finance, Infrastructure & Governance, DJR
- Louise Clery, Acting Director, Integrity & Advisory Branch, VPSC (substantive Manager, Public Sector Advisory)

The main responsibilities of the audit committee are to:

- review and report independently to the Commissioner and ministers on the annual report and all other financial information published by the Commission
- assist the Commissioner and ministers in reviewing the effectiveness of the Commission's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- oversee the effective operation of the risk management framework.

## Advisory Board

The VPSC's Advisory Board was established in 2015 to provide advice in relation to the preparation of the VPSC's annual and strategic plans, and matters relevant to its objects and functions. The Advisory Board consists of the following members:

### Chairperson

- Chris Eccles, AO – Secretary, Department Premier and Cabinet

### Members

- Ms Barbara Belcher
- Ms Cath Bowtell
- Mr William Confalonieri
- Mr Ross McPherson
- Mrs Anita Roper, FAIM, GAICD

### Standing Invitees

- Paul Grimes – Commissioner
- Elizabeth Langdon – Deputy Commissioner

*\*All Advisory Board members are independent; the VPSC provides secretariat support.*



## Occupational Health & Safety

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

Item	2017-18	2016-17
Ergonomic assessments	11	7
Number of sit/stand desks recommended	2	22
Number of special ergonomic aids recommended	2	8
Number of Flu Vaccinations	39	38

During the 2017-18 reporting period, the VPSC significantly increased the number of sit/stand desks available. It is anticipated that early in the next reporting period, all desks will be converted to sit/stand.

## Incident Management\*

Item	2017-18	2016-17
Number of incidents reported	0	3
Number of hazards reported	0	1

*\*Data provided by Marsh, the VPSC's OHS Service Provider*

## Employment and Conduct Principles

### Merit Selection Policy

The VPSC is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

# SECTION 3 – WORKFORCE DATA

## Public Sector Values, Employment Principles and Standards

The principles underpin employment processes within the Victorian Public Sector. The standards guide the development of employment processes.

Public sector employers must have employment processes which are consistent with the public sector employment principles and any mandatory standards the VPSC issues.

The standards and principles help shape the type of working environment we offer to our employees which help set the right conditions for productive and harmonious working relationships by ensuring employees are treated well, have career opportunities and can safely raise their concerns.

## Comparative workforce data<sup>1</sup>

### Staffing trends from 2016 – 2018

	2016	2017	2018
Headcount including ongoing and fixed term employees (not including statutory appointments)	50	73	<b>69</b>
FTE	46.7	68.8	<b>66.1</b>

### Summary of employment levels (30 June 2017 and 30 June 2018)

Data as per June payroll (FTE report)	2017		2018	
	Headcount	FTE	Headcount	FTE
Total head count, not including statutory appointments	73	68.8	69	66.1
Ongoing – Full Time	33	33	34	34
Ongoing – Part Time	11	7.41	7	4.9
Fixed Term – Full Time	27	27	26	26
Fixed term – Part Time	2	1.43	2	1.2

<sup>1</sup> In the *VPSC Annual Report 2016–17* inoperative unpaid roles were included in 2016 and 2017 FTE and Headcount figures. The workforce data presented in this report does not include inoperative unpaid roles, and figures from previous reports have been adjusted to allow for meaningful comparison.

## Workforce Data – VPSC staff as at 30 June 2017 and 30 June 2018

The data below is based on 30 June 2018 payroll FTE report which is further broken down by gender and employment grade. This does not include statutory appointments.

	2017		2018		Self-described
	Female	Male	Female	Male	
Age					
Under 25	2	1	—	2	—
25-34	9	7	14	5	—
35-44	22	10	15	9	—
45-54	10	4	11	3	—
55-64	5 <sup>2</sup>	3	7	3	—
<b>Total</b>	<b>48</b>	<b>25</b>	<b>47</b>	<b>22</b>	<b>—</b>

	2017		2018		Self-described
	Female	Male	Female	Male	
Grade					
VPSG1	—	—	—	1	—
VPSG2	2	1	—	1	—
VPSG3	6	—	5	—	—
VPSG4	5	8	9	4	—
VPSG5	17	10	16	9	—
VPSG6	12	4	12	7	—
STS	—	—	—	—	—
EO3	4 <sup>3</sup>	1	4	—	—
EO2	2	—	—	—	—
EO1	—	1	1	—	—

2 In the *VPSC Annual Report 2016-17*, the number of females aged 55–64 was incorrectly reported as '4' and should have been reported as '5'.

3 In the *VPSC Annual Report 2016-17*, the number of female EO3 was incorrectly reported as '3' and should have been reported as '4'.

## Workforce Data – Annualised total salary as at 30 June 2018, by \$20 000 bands, for executives and other senior non executive staff

Income band (salary)	Executives	STS	Other
\$160 000 – \$179 999	2	—	—
\$180 000 – \$199 999	2	—	—
\$300 000 – \$319 999	1	—	—
<b>Total</b>	<b>5</b>	<b>—</b>	<b>—</b>

*Note:*

*The salaries reported above are for the full financial year, at a 1.0 FTE rate, excluding superannuation.*

## Workforce Inclusion Policy

The VPSC adopts the policy of DPC.

The relevant policy is DPC's Equal Opportunity and Diversity Policy and Procedure which seeks to promote social inclusion, diversity and equity to increase participation from the Victorian community.

## Executive Officer data

All VPSC executives receive a total remuneration in excess of \$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 2017 and 2018. This does not include statutory appointments.

## VPSC Executive Officer Data

	2017			2018			
	Male	Female	Total	Male	Female	Self-described	Total
EO3	1	4	<b>5</b>	0	4	0	<b>4</b>
EO2	0	2	<b>2</b>	0	0	0	<b>0</b>
EO1	1	0	<b>1</b>	0	1	0	<b>1</b>



# SECTION 4 – OTHER DISCLOSURES

## **Local Jobs First – Victorian Industry Participation Policy (VIPP)**

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

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

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

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

## Changes in financial position

### Consultancies

In 2017-18, there were seven consultants where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies is \$271,232 excluding GST. Details are outlined below.

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2017-18 (excl GST)	Future Expenditure (excl GST)
Rachel Hunter Consulting Pty Ltd	DET Monitoring & Integrity Review	15/09/16	31/12/17	90,000	64,391	—
Hudson Global Resources (Aust) <sup>4</sup>	Independent executive assessment services for the Victorian Leadership Academy	16/09/16	19/12/17	2,535,741	47,469	—
Deloitte Touche Tohmatsu	Independent advice regarding the evaluation of the Victorian Leadership Academy	05/12/16	20/10/17	242,491	68,456	—
Rachel Hunter Consulting Pty Ltd	Facilitation of stakeholders consultations	08/08/16	31/12/16	22,000	15,000	—
Oakton Services Pty Ltd	Independent review of the Victorian public sector eRecruitment tool and service	26/03/18	27/04/18	19,500	16,738	—
Accessible Action	Provide specialist advice to VPSC on accessibility and disability employment	12/12/17	30/06/18	50,000	44,778	—
Ellis Jones	Advise VPSC on the most effective and appropriate communication modes to maximise effectiveness and reach	02/06/17	24/08/17	19,305	16,400	—

<sup>4</sup> The contract was initially scheduled to continue until Dec 2020 but was ended early due to a change in the Victoria Leadership Academy's strategic direction.

## Information and Communication Technology Expenditure

	All operational ICT expenditure Business as Usual (BAU) ICT expenditure (Total)	ICT expenditure related to projects to create or enhance ICT capabilities Non- Business as Usual (non-BAU) (Total = Operational expenditure and capital expenditure)	Operational Expenditure	Capital Expenditure
Appropriation Account	789,178	494,679	—	494,679
Trust Account	881,428	694,526	—	694,526

The ICT expenditure reflected in the above table refers to the VPSC's costs in providing business enabling ICT services within the current reporting period.

## Environmental Reporting

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

	2016-17	2017-18
<b>Energy</b>		
Total electricity usage (gigajoules)	652	677
Total green electricity (gigajoules)	0	0
Total gas usage (gigajoules)	0	0
Percentage of electricity purchased as Green Power (%)	0	0
Units of energy used per Full Time Employee (megajoules per FTE)	9,477 <sup>5</sup>	10,242 <sup>6</sup>
Units of energy used per unit office area (megajoules per m <sup>2</sup> )	634	637.5
<b>Paper</b>		
Total units of paper used (A4 reams equivalent)	770	580
Reams of paper used per FTE	11.2 <sup>5</sup>	8.8 <sup>6</sup>
Percentage of recycled content paper purchased (%)	80	100
<b>Water<sup>7</sup></b>		
Total units of metered water consumed (kilolitres)	N/A	580
Units of metered water consumed per FTE (kilolitres/FTE)	N/A	8.8 <sup>6</sup>
Units of measured water consumed in offices per unit of office area (kilolitres/m <sup>2</sup> )	N/A	0.5

5 Based on 68.8 FTE at 30 June 2017.

6 Based on 66.1 FTE at 30 June 2018.

7 In the *VPSC Annual Report 2016-17*, the total units of metered water consumed (kilolitres) was incorrectly reported as '29,204'; this figure refers to the entire Treasury precinct's consumption.



Waste <sup>8</sup>	Total units office waste disposed of by destination (kg per year)			Units of office waste disposed of per FTE by destination (kg per FTE)		
	Landfill	Co-mingled recycling	Organics	Landfill	Co-mingled recycling	Organics
2016–17	1,900		3,244	28		48
2017–18	3,930	3,108	2,782	59.5 <sup>9</sup>	42.1 <sup>9</sup>	42.1 <sup>9</sup>

Waste (continued)	Recycling rate (% of total waste by weight)	Organics rate (% of total waste by weight)	Greenhouse gas emissions associated with waste disposal (t CO <sub>2</sub> -e)		
	%	%	Landfill	Co-mingled recycling	Organics
2016-17		64	2.7 <sup>9</sup>		4.5 <sup>10</sup>
2017-18	31.6	28.3	4.7 <sup>11</sup>	N/A	N/A

8 From 2016–17 to 2017–18, the shared service provider supplying environmental impact data changed from Cushman & Wakefield to JLL. This change and associated changes in environmental impact data supplied, may account for the apparent increase in waste production.

9 Based on the conversion factor of 1.2 (kg\*1.2/1,000), from the National Greenhouse Accounts Factors (NGAF) (August 2016).

10 In the *VPSC Annual Report 2016–17*, this figure was reported incorrectly as '4.5', and should have been reported as 'N/A'.

11 Based on the conversion factor of 1.2 (kg\*1.2/1,000), from the NGAF (July 2017).

Transport								
	Total energy consumed by vehicles (MJ)	Total Vehicle table associated with entity operations (km)	Total greenhouse gas emissions from vehicle fleet (t CO <sub>2</sub> -e)	Greenhouse gas emissions from vehicle fleet per 1,000km travelled (t CO <sub>2</sub> -e)	Total distance travelled by aeroplane (km)	Percentage of employees regularly (75% attendance days) using public transport, cycling, walking or car-pooling to and from work or working from home by locality type <sup>13</sup>		
						CBD	Metro	Regional
2016-17	Figures not available at time of reporting				145,742	Figures not available at time of reporting		
2017-18	111,355 <sup>12</sup>	25,596 <sup>12</sup>	7.5 <sup>12</sup>	0.3 <sup>12</sup>	126,213	100	93	100

Greenhouse Gas Emissions (t CO <sub>2</sub> -e)		
	2016-17	2016-18
Total greenhouse gas emissions from energy- Scope 2	194 <sup>14,15</sup>	1.08 <sup>16</sup>
Total greenhouse gas emissions from energy- Scope 3	18 <sup>17</sup>	1.08 <sup>9</sup>
Total greenhouse gas emissions from vehicle use	N/A	7.5 <sup>12</sup>
Total greenhouse gas emissions from air travel	N/A	30.81
Total greenhouse gas emissions from waste (landfill)	2.3 <sup>8,9</sup>	4.7 <sup>11</sup>
Total greenhouse gas emissions offsets purchased	0	0

12 Based on 3,256 litres on ULP only (no diesel or LPG used), with the energy content factor of 34.2 and the emission factor of 67.4, from the NGAF (July 2017)

13 The Commission conducted an internal survey to ascertain the proportion of employees using each transport mode.

14 In the *VPSC Annual Report 2016-17*, this figure was reported incorrectly as '1.08', and should have been reported as '194'.

15 Based on the Victorian emission factor of 1.09, from the NGAF (August 2016).

16 Based on the Victorian emission factor of 1.08, from the NGAF (July 2017).

17 In the *VPSC Annual Report 2016-17*, this figure was reported incorrectly as '1.08', and should have been reported as '18'.

# Compliance

## The Building Act 1993

The VPSC 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 VPSC).

## The Freedom of Information Act 1982

The VPSC is subject to the *Freedom and Information Act 1982*. The Act allows the public a right of access to documents held by the VPSC. 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; and 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 VPSC, 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](http://www.foi.vic.gov.au). An application fee of \$28.40 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 VPSC, 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/documents are being sought.

Requests for documents in the possession of the VPSC should be addressed to:

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

### FOI statistics/timeliness

During 2017-18, the VPSC received two applications. Of these requests, one was from a Member of Parliament and the other from the general public.

The VPSC made two FOI decisions during the 12 months ended 30 June 2018.

One decision was made within an extended statutory 30-45 day time period; and the other decision within 46 to 90 days.

The average time taken to finalise requests in 2017 18 was 66 days.

During 2017-18, no requests were subject to a complaint/internal review by 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](http://foi.vic.gov.au).

## 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 VPSC's information on compliance is included in the Department of Premier and Cabinet's Annual Report.

## The Protected Disclosure Act 2012 (formerly Whistleblowers Protection Act 2001)

The *Protected Disclosure 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 VPSC 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 VPSC 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 VPSC or any of its employees and/or officers may be made to the VPSC's Protected Disclosure Coordinator or alternatively, disclosures may be made directly to the Independent Broad-based Anti-corruption Commission:

Level1, North Tower  
459 Collins Street  
Melbourne, VIC 3000  
Phone: 1300 735 135  
[www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

### Further Information

The Protected Disclosure Policy and Procedures, which outline the procedure for reporting disclosures of improper conduct or detrimental action by the VPSC or any of its employees and/or officers are available on the VPSC website.

### Disclosures under the Protected Disclosure Act 2012

The table below indicates the number of disclosures made by an individual to the Commission and notified to the Independent Broad-based Anti-corruption Commission.

	2017-18	2016-17	2015-16
Assessable disclosures	0	0	0

## The Carers Recognition Act 2012

The VPSC 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 Disability Act requires that public sector bodies prepare a disability action plan and report on its implementation in their annual report.

A disability action plan is a strategic plan which helps an organisation to remove barriers that prevent people with a disability from using the organisation's goods, services and facilities, and from gaining and keeping employment. Disability action planning also strives to promote inclusion and participation in the community, and achieve changes in attitudes and practices that may result in discrimination.

Absolutely everyone: state disability plan for 2017-2020 is the Victorian Government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community. Over time the government will consider ways to align disability action plans to the state plan.

The VPSC is in the process of developing a disability action plan in line with Absolutely everyone: state disability plan for 2017-2020.

## Other Information

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the terms listed below have now been retained by the Department 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 compliance with Ministerial Standing Directions

The Victorian Public Sector Commission, has not identified any Material Compliance Deficiencies for the financial year ended 30 June 2018.

I, Paul Grimes, certify that the Victorian Public Sector Commission has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and associated Instructions.

A handwritten signature in dark ink, appearing to read 'P. Grimes', is positioned above the printed name.

**Paul Grimes**

Commissioner  
Victorian Public Sector Commission  
4 September 2018

## Disclosure Index

This annual report of the VPSC 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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# VPSC FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Comprehensive operating statement For the financial year ended 30 June 2018

		2018	2017
	Notes	\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Grants	2.2	13,797,768	13,143,075
Provision of services	2.3	3,313,300	2,670,013
Other operating income		1,200	—
<b>Total income from transactions</b>		<b>17,112,268</b>	<b>15,813,088</b>
<b>Expenses from transactions</b>			
Employee benefits	3.2.1	8,891,605	8,539,924
Depreciation	4.3	80,903	102,265
Interest expense		6	3,963
Capital asset charge	3.3	69,008	69,008
Grant expenses		—	12,500
Other operating expenses	3.4	5,252,286	5,571,949
<b>Total expenses from transactions</b>		<b>14,293,808</b>	<b>14,299,609</b>
<b>Net result from transactions (net operating balance)</b>		<b>2,818,460</b>	<b>1,513,479</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on disposal of property, plant and equipment		(2,967)	(53,788)
Net gain/(loss) arising from revaluation of leave liabilities		1,794	31,566
<b>Total other economic flows included in net result</b>		<b>(1,173)</b>	<b>(22,222)</b>
<b>Net result</b>		<b>2,817,287</b>	<b>1,491,257</b>
<b>Comprehensive result</b>		<b>2,817,287</b>	<b>1,491,257</b>

The accompanying notes form part of these financial statements.

## Balance sheet

### As at 30 June 2018

		2018	2017
	Notes	\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits		600	600
Receivables	5.1	12,428,286	9,627,928
<b>Total financial assets</b>		<b>12,428,886</b>	<b>9,628,528</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	66,134	110,928
Intangible assets	4.2	1,245,176	111,941
Prepayments		59,174	42,533
<b>Total non-financial assets</b>		<b>1,370,484</b>	<b>265,402</b>
<b>Total assets</b>		<b>13,799,370</b>	<b>9,893,930</b>
<b>Liabilities</b>			
Employee benefits	3.2.2	1,973,606	1,937,874
Payables	5.2	1,347,406	514,300
Borrowings	6.1	55,386	90,596
Unearned income	5.3	895,068	1,077,223
<b>Total liabilities</b>		<b>4,271,466</b>	<b>3,619,993</b>
<b>Net assets</b>		<b>9,527,904</b>	<b>6,273,937</b>
<b>Equity</b>			
Accumulated surplus		5,609,598	2,792,311
Contributed capital		3,918,306	3,481,626
<b>Net worth</b>		<b>9,527,904</b>	<b>6,273,937</b>

The accompanying notes form part of these financial statements.

## Cash flow statement

### For the financial year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		14,648,417	13,701,822
<b>Total receipts</b>		<b>14,648,417</b>	<b>13,701,822</b>
<b>Payments</b>			
Payments to suppliers and employees		(13,808,562)	(13,606,915)
Capital asset charge paid		(69,008)	(69,008)
Interest paid and other costs of finance paid		(6)	(3,963)
<b>Total payments</b>		<b>(13,877,576)</b>	<b>(13,679,886)</b>
<b>Net cash flows from operating activities</b>	<b>6.2</b>	<b>770,841</b>	<b>21,936</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of property, plant and equipment		24,818	—
Payment for intangible assets		(1,189,206)	—
<b>Net cash flows from investing activities</b>		<b>(1,164,388)</b>	<b>—</b>
<b>Cash flows from/(used in) financing activities</b>			
Repayment of finance leases		(43,133)	(21,936)
Capital contribution from government		436,680	—
<b>Net cash flows from/(used in) financing activities</b>		<b>393,547</b>	<b>(21,936)</b>
Net increase in cash held		—	—
<b>Cash at the start of the year</b>		<b>600</b>	<b>600</b>
<b>Cash at the end of the year</b>		<b>600</b>	<b>600</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity

### For the financial year ended 30 June 2018

	Contributed capital	Accumulated surplus	Total
	\$	\$	\$
Balance at 30 June 2016	3,481,626	1,301,054	4,782,680
Net result for the year	—	1,491,257	1,491,257
<b>Balance at 30 June 2017</b>	<b>3,481,626</b>	<b>2,792,311</b>	<b>6,273,937</b>
Capital contribution from government	436,680	—	436,680
Net result for the year	—	2,817,287	2,817,287
<b>Balance at 30 June 2018</b>	<b>3,918,306</b>	<b>5,609,598</b>	<b>9,527,904</b>

*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  
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. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

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, reliability and the substance of the underlying transactions or other events.

## Other accounting policies

Significant and other accounting policies that summarise the 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.
- Maintaining, and advocating for, public sector professionalism and integrity.

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

### 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

		2018	2017
	Notes	\$	\$
<b>Income from transactions</b>			
Grants	2.2	13,797,768	13,143,075
Provision of services	2.3	3,313,300	2,670,013
Other operating income		1,200	—
<b>Total income</b>		<b>17,112,268</b>	<b>15,813,088</b>

#### 2.2 Grants

	2018	2017
	\$	\$
Grants from Department of Premier and Cabinet(i)	6,717,842	8,163,773
Other grants from Victorian Government agencies(ii)	7,079,926	4,979,302
<b>Total grants</b>	<b>13,797,768</b>	<b>13,143,075</b>

Notes:

(i) Grants from the Department of Premier and Cabinet has decreased due to the completion of a significant VPSC funded initiative relating to Building Public Sector Capability and Integrity during 2017.

(ii) The increase in Grants from other Victorian Government Agencies during 2018 relates to grants received by the VPSC by other Victorian Departments and Agencies for the Executive Officer Review Project. The costs relating to delivering this grant will continued to be incurred into the 2019 financial year resulting in a mismatch between the revenue recognition and cost of delivering the services between the two financial years.

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

## 2.3 Provision of services

	2018	2017
	\$	\$
Training income	1,540,225	1,268,220
Other services	1,773,075	1,401,793
<b>Total provision of services</b>	<b>3,313,300</b>	<b>2,670,013</b>

Income is recognised with reference to the stage of completion of the services by the Commission. The income is recognised when:

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

The main sources of provision of services income include training income and the Victorian Leadership Academy and e-Recruitment.



## 3. Cost of delivering our services

### Introduction

This section provides an account of the expenses incurred by the Commission in delivering its services.

### 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

		2018	2017
	Notes	\$	\$
Employee benefits	3.2.1	8,891,605	8,539,924
Capital asset charge	3.3	69,008	69,008
Grant expenses		—	12,500
Other operating expenses	3.4	5,252,286	5,571,949
<b>Total expenses incurred in the delivery of services</b>		<b>14,212,899</b>	<b>14,193,381</b>

### 3.2 Employee benefits

#### 3.2.1 Employee benefits in the comprehensive operating statement

	2018	2017
	\$	\$
Salaries and wages, annual leave and long service leave	8,192,644	7,909,005
Defined contribution superannuation expense	628,397	554,100
Defined benefit superannuation expense	70,564	76,819
<b>Total employee benefits</b>	<b>8,891,605</b>	<b>8,539,924</b>

Employee benefits include all costs related to employment including salaries and wages, 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.

	2018	2017
	\$	\$
<b>Current provisions:</b>		
Annual leave	565,847	612,579
Long service leave	1,212,968	1,145,413
<b>Total current provisions</b>	<b>1,778,815</b>	<b>1,757,992</b>
<b>Non-current provision:</b>		
Long service leave	194,791	179,882
<b>Total employee benefits</b>	<b>1,973,606</b>	<b>1,937,874</b>

#### 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 not employee benefits. They are disclosed as a component of the provision for employee benefits where the employment to which they relate has occurred.

#### 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 Department of Treasury and Finance (DTF) centrally recognises, on behalf of the State of Victoria as the sponsoring employer, the defined benefit liability for Victorian government employees in such funds.

### 3.3 Capital asset charge

	2018	2017
	\$	\$
Capital asset charge	69,008	69,008

A capital asset charge is a charge on the written down value of non-current physical assets in the Commission's balance sheet which aims to attribute to 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

	2018	2017
	\$	\$
Supplies and services	2,261,550	3,118,669
IT and office administration expenses	2,316,703	1,939,482
Operating lease rentals	674,033	513,798
<b>Total other operating expenses</b>	<b>5,252,286</b>	<b>5,571,949</b>

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

Supplies and services and Other expenses are recognised as an expense in the reporting period in which they are incurred.

Operating lease rentals including contingent rentals are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

## 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

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Leasehold improvements	852,881	852,881	(844,356)	(836,299)	8,525	16,582
Office and computer equipment	10,773	87,590	(8,260)	(82,923)	2,513	4,667
Motor vehicles under finance lease	68,388	129,715	(13,292)	(40,036)	55,096	89,679
<b>Net carrying amount</b>	<b>932,042</b>	<b>1,070,186</b>	<b>(865,908)</b>	<b>(959,258)</b>	<b>66,134</b>	<b>110,928</b>

#### 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 finance 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.

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

	Leasehold improvements		Office and computer equipment		Motor vehicles under finance lease		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	16,582	92,424	4,667	6,824	89,679	73,820	110,928	173,068
Additions	—	—	—	—	30,444	37,943	30,444	37,943
Disposals	—	(53,788)	—	—	(50,305)	—	(50,305)	(53,788)
Depreciation	(8,057)	(22,054)	(2,154)	(2,157)	(14,722)	(22,084)	(24,933)	(46,295)
<b>Closing balance</b>	<b>8,525</b>	<b>16,582</b>	<b>2,513</b>	<b>4,667</b>	<b>55,096</b>	<b>89,679</b>	<b>66,134</b>	<b>110,928</b>

## 4.2 Intangible assets

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Capitalised software	463,793	391,793	(335,822)	(279,852)	127,971	111,941
Work-in-progress	1,117,205	—	—	—	1,117,205	—
<b>Net carrying amount</b>	<b>1,580,998</b>	<b>391,793</b>	<b>(335,822)</b>	<b>(279,852)</b>	<b>1,245,176</b>	<b>111,941</b>

#### 4.2.1 Reconciliation of movements in carrying amounts of intangible assets

	Capitalised software		Work-in-progress		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Opening balance	111,941	167,911	—	—	111,941	167,911
Additions	—	—	1,189,205	—	1,189,205	—
Transfer between classes	72,000	—	(72,000)	—	—	—
Depreciation	(55,970)	(55,970)	—	—	(55,970)	(55,970)
<b>Closing balance</b>	<b>127,971</b>	<b>111,941</b>	<b>1,117,205</b>	<b>—</b>	<b>1,245,176</b>	<b>111,941</b>

### 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 whenever an indication of impairment is identified.

## 4.3 Asset depreciation

	2018	2017
	\$	\$
Capitalised software	55,970	55,970
Motor vehicles under finance lease	14,722	22,084
Leasehold improvements	8,057	22,054
Office and computer equipment	2,154	2,157
<b>Total depreciation</b>	<b>80,903</b>	<b>102,265</b>

### Useful life of assets

Asset class	Useful life (years)
Leasehold improvements	10
Office and computer equipment	4-5
Motor vehicles under finance lease	2-3
Intangible assets	7

## 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

### 5.1 Receivables

	2018	2017
	\$	\$
<b>Contractual</b>		
Receivables	1,434,082	1,209,758
<b>Statutory</b>		
Amounts receivable from government departments(i)	10,976,791	8,394,662
GST recoverable	17,413	23,508
<b>Total receivables</b>	<b>12,428,286</b>	<b>9,627,928</b>
<b>Represented by:</b>		
Current receivables	12,367,574	9,503,712
Non-current receivables	60,712	124,216

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 VPSC and are available for operations of VPSC.

**Contractual receivables** are classified as financial instruments and measured as 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

	2018	2017
	\$	\$
<b>Contractual</b>		
Creditors and accruals	1,347,406	514,300
<b>Total payables</b>	<b>1,347,406</b>	<b>514,300</b>
<b>Represented by:</b>		
Current payables	1,347,406	514,300

Payables consist predominantly of creditors and accruals. 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

	2018	2017
	\$	\$
Unearned income	895,068	1,077,223

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



## 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 finance lease liabilities) and other information related to financing activities of the Commission.

This section also includes disclosures on commitments for expenditure

### Structure

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

#### 6.1 Finance lease liabilities (Borrowings)

	2018	2017
	\$	\$
<b>Secured</b>		
Current lease liabilities	11,980	46,258
Non-current lease liabilities	43,406	44,338
<b>Total finance lease liabilities</b>	<b>55,386</b>	<b>90,596</b>

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

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

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

	2018	2017
	\$	\$
<b>Net result for the year</b>	<b>2,817,287</b>	<b>1,491,257</b>
<b>Non-cash movements</b>		
Depreciation	80,903	102,265
(Profit)/loss on disposal of non-current assets	2,967	53,788
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in receivables	(2,800,358)	(2,975,637)
(Increase)/decrease in prepayments	(16,641)	424,057
Increase/(decrease) in creditors and accruals	833,106	177,044
Increase/(decrease) in provisions	35,732	380,756
Increase/(decrease) in other liabilities	(182,155)	368,406
<b>Net cash flows from operating activities</b>	<b>770,841</b>	<b>21,936</b>

## 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.

	2018	2017
	\$	\$
<b>Outsourcing commitments</b>		
<b>Commitments under outsourcing for recruitment services are payable as follows:</b>		
Within one year (a)	1,048,531	766,012
Later than one year but not later than five years	270,153	—
<b>Total commitments (inclusive of GST)</b>	<b>1,318,684</b>	<b>766,012</b>
Less GST recoverable	(111,608)	(69,637)
<b>Total commitments (exclusive of GST)</b>	<b>1,207,076</b>	<b>696,375</b>
Notes		
(a) Included \$91,000 (2017: Nil) for a supplier not registered for GST		
<b>Capital commitments</b>		
<b>Commitments for developing the State Workforce Data Analysis and Collection Application are payable as follows:</b>		
Within one year	288,242	—
<b>Total commitments (inclusive of GST)</b>	<b>288,242</b>	<b>—</b>
Less GST recoverable	(26,204)	—
<b>Total commitments (exclusive of GST)</b>	<b>262,038</b>	<b>—</b>
<b>Operating lease commitments</b>		
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:</b>		
Within one year	690,554	48,346
Later than one year but not later than five years	3,013,034	—
<b>Total commitments (inclusive of GST)</b>	<b>3,703,588</b>	<b>48,346</b>
Less GST recoverable	(336,690)	(4,395)
<b>Total commitments (exclusive of GST)</b>	<b>3,366,898</b>	<b>43,951</b>

## 7. Risks, contingencies and valuation judgements

### 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.

#### Categories of financial instruments

##### Receivables and cash

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables and cash are measured at amortised cost using the effective interest method, less any impairment.

Receivables and cash include trade receivables, but not statutory receivables.

##### 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.

##### 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.

### Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Commission concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 7.2 Categorisation of financial instruments

		Carrying amount	
		2018	2017
	Note	Category	
		\$	\$
<b>Financial assets</b>			
Cash and deposits		Cash	600
Receivables(a)	5.1	Loans and receivables	1,434,082
			1,209,758
			<b>1,434,682</b>
			<b>1,210,358</b>
<b>Financial liabilities</b>			
Payables	5.2	Financial liabilities at amortised cost	1,347,406
			514,300
Borrowings	6.1	Financial liabilities at amortised cost	55,386
			90,596
			<b>1,402,792</b>
			<b>604,896</b>

Note:

(a) 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 finance 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 based on the above definitions relating to the Commission as at 30 June 2018 (30 June 2017: 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 based on the above definitions relating to the Commission as at 30 June 2018 (30 June 2017: 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 Subsequent events
- 8.2 Responsible persons
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Australian Accounting Standards issued that are not yet effective

### 8.1 Subsequent events

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Commission.

### 8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance 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	1 July 2017 to 30 June 2018
Accountable Officer	Belinda Clark, Commissioner	1 July 2017 to 4 August 2017*
Accountable Officer	Elizabeth Langdon, Acting Commissioner	15 July 2017* to 19 January 2018
Accountable Officer	Dr Paul Grimes, Commissioner	22 January 2018 to 30 June 2018

\*The period overlap from 15 July 2017 to 4 August 2017 due to transitioning of responsibilities.

## Remuneration

Total remuneration received or receivable by the Accountable Officer, in connection with the management of the Commission during the reporting period was in the following table:

	Total remuneration	
	2018	2017
<b>Income band</b>		
\$0 – 9,999	1	—
\$230,000 – 239,999	1	—
\$260,000 – 269,999	1	—
\$460,000 – 469,999	—	1
<b>Total numbers</b>	<b>3</b>	<b>1</b>

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

## 8.3 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 provides 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

	2018	2017
	\$	\$
Short-term employee benefits	1,088,575	1,372,163
Post-employment benefits	138,268	169,907
Other long-term benefits	48,785	31,360
Termination benefits	88,400	78,729
<b>Total remuneration</b>	<b>1,364,028</b>	<b>1,652,159</b>
<b>Total number of executives</b>	<b>10</b>	<b>9</b>
<b>Total annualised employee equivalents (a)</b>	<b>5.9</b>	<b>6.9</b>

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.



## 8.4 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

During 2017-18, the Commission received funding of \$2.3 million for the annual operating contribution to the Victorian Leadership Academy (VLA). During 2016-17, the Commission received funding of \$3.3 million for the setup and establishment of the VLA. The funding comprised equal contributions by the seven State departments and Victorian Police.

VLA is an emerging and progressive program to support leadership development aligned to the future needs of the sector. VLA's goal is to provide leaders with the required skills and capabilities to operate in an increasingly complex and changeable environment and to deliver on the Government's priorities for Victoria.

Key management personnel (KMP) of the Commission during the financial year include the Portfolio Minister being The Hon. Daniel Andrews MP, the Commissioner Dr Paul Grimes and the members of the Senior Executive Team.

Key management personnel	Role
Belinda Clark	Commissioner (1 July 2017 to 4 August 2017*)
Dr Paul Grimes	Commissioner (22 January 2018 to 30 June 2018)
Elizabeth Langdon	Acting Commissioner (15 July 2017 to 19 January 2018) Acting Deputy Commissioner (24 February 2018 to 16 March 2018) Deputy Commissioner (17 March 2018 to 30 June 2018)
Matthew Vincent	Acting Deputy Commissioner (17 July 2017 to 23 February 2018)
Karen Lau	Executive Director, Performance and Integrity (1 July 2017 to 26 October 2017**)
Linda Holmes	Executive Director, Leadership and Workforce (1 July 2017 to 20 November 2017**)

\*The period overlap from 15 July 2017 to 4 August 2017 due to transitioning of responsibilities.

\*\*The positions were vacated from the above dates to 30 June 2018 and were not filled.

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.

	2018	2017
Compensation of KMP	\$	\$
Short-term employee benefits	929,685	1,073,911
Post-employment benefits	75,888	81,399
Other long-term benefits	24,410	23,752
Termination benefits	88,400	—
<b>Total remuneration</b>	<b>1,118,383</b>	<b>1,179,062</b>

#### 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.

## 8.5 Remuneration of auditors

	2018	2017
	\$	\$
<b>Audit fees paid or payable to the Victorian Auditor-General's Office</b>		
Audit of the annual financial statements	16,700	16,300

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

## 8.6 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards (AASs) become effective for reporting periods commencing after the 30 June 2018.

These AASs have been published, but are not mandatory for the 30 June 2018 reporting period.

The Department of Treasury and Finance (DTF) has assessed the impact of all these new standards and advised the Commission of their applicability and early adoption where applicable. The table below details the AASs issued but not yet effective for the 2017-18 reporting period.

Standard/ Interpretation 1	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

Standard/ Interpretation 1	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends as follows:</p> <ul style="list-style-type: none"> <li>▪ Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</li> <li>▪ Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> <li>– the entity's right to receive payment of the dividend is established;</li> <li>– it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> <li>– the amount can be measured reliably.</li> </ul> </li> </ul>	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.

Standard/ Interpretation 1	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> <li>▪ A promise to transfer to a customer a good or service that is ‘distinct’ to be recognised as a separate performance obligation;</li> <li>▪ For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> <li>▪ For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.

Standard/ Interpretation 1	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	1 Jan 2019	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>Statutory receivables are recognised and measured similarly to financial assets</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>The “customer” does not need to be the recipient of goods and/or services;</li> <li>The “contract” could include an arrangement entered into under the direction of another party;</li> <li>Contracts are enforceable if they are enforceable by legal or “equivalent means”;</li> <li>Contracts do not have to have commercial substance, only economic substance; and</li> <li>Performance obligations need to be “sufficiently specific” to be able to apply AASB 15 to these transactions.</li> </ul>

Standard/ Interpretation 1	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>
AASB 1058 Income of Not- for-Profit Entities	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p>

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017-18 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

*Note*

*For the current year, given the number of consequential amendments to AASB 9 Financial Instruments AASB 15 Revenue from Contracts with Customers, and AASB 16 Leases the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.*



## 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 2018 and the financial position of the Commission as at 30 June 2018.

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 4 September 2018.



**Joseph Yeung**  
Chief Financial Officer  
Melbourne  
4 September 2018



**Dr Paul Grimes**  
Victorian Public Sector Commissioner  
Melbourne  
4 September 2018

# Independent Auditor's Report

## *To the Commissioner of the Victorian Public Sector Commission*

<b>Opinion</b>	<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"><li>• balance sheet as at 30 June 2018</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Accountable Officer's and Chief Financial Officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Commission as at 30 June 2018 and their 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>
<b>Basis for opinion</b>	<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>
<b>Commissioner's responsibilities for the financial report</b>	<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>

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**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 the 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.

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MELBOURNE  
5 September 2018

  
Timothy Maxfield  
as delegate for the Auditor-General of Victoria



