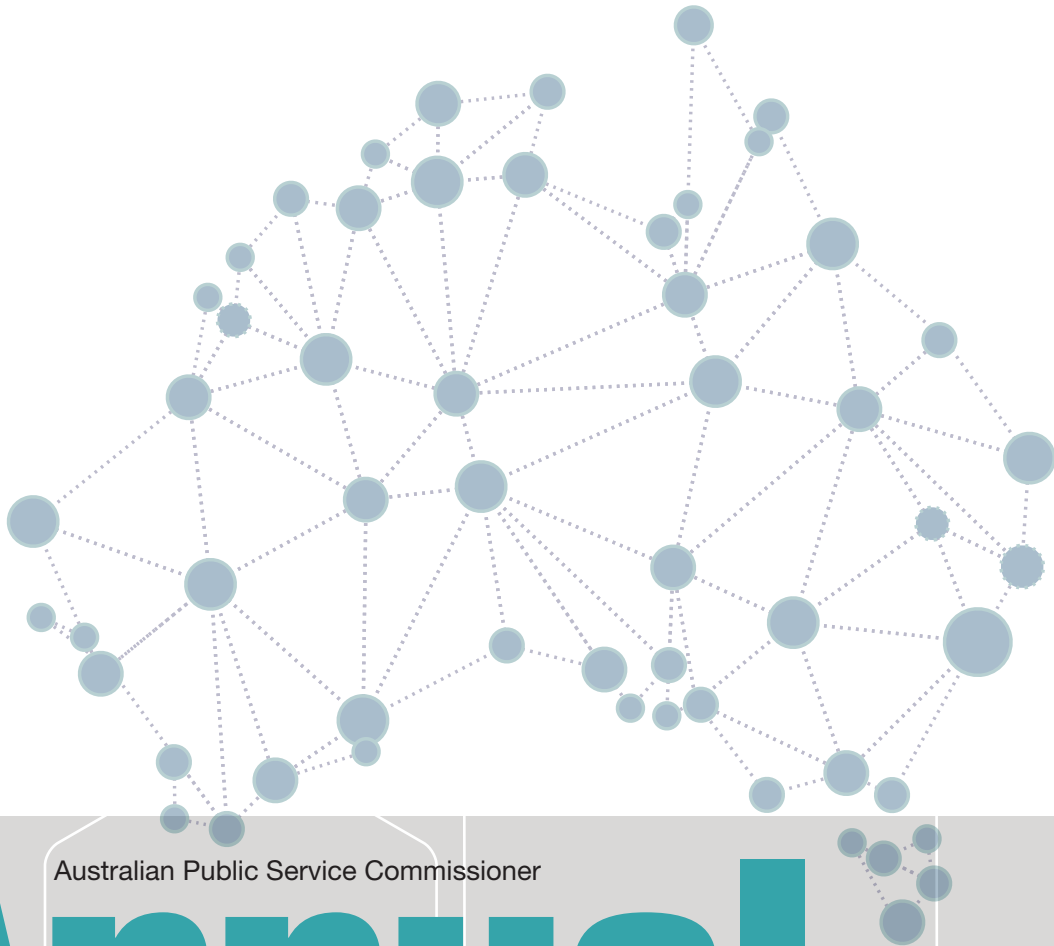




Australian Government

Australian Public Service Commission



Australian Public Service Commissioner

# Annual Report 2019–20

incorporating the Annual Report of the Merit Protection Commissioner

Australian Public Service Commissioner

# Annual Report 2019–20

incorporating the Annual Report of the Merit Protection Commissioner



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**Australian Government**  
**Australian Public Service Commission**

AUSTRALIAN PUBLIC SERVICE COMMISSIONER PETER WOOLCOTT AO

The Hon Ben Morton MP  
Assistant Minister to the Prime Minister and Cabinet  
Parliament House  
CANBERRA ACT 2600

Dear Assistant Minister

I am pleased to present the Australian Public Service Commission Annual Report 2019–20 for the reporting period ending 30 June 2020, as is required by subsection 46(1) of the *Public Governance, Performance and Accountability Act 2013*. I have been the accountable authority for the full 12 months of the reporting period.

The report has been prepared pursuant to the requirements for annual reports approved by the Joint Committee of Public Accounts and Audit and as prescribed in the *Public Governance, Performance and Accountability Rule 2014* (the Rule).

As the accountable authority, I certify that the Commission has prepared fraud and corruption risk assessments and a fraud and corruption control plan that comply with the requirements of section 10 of the Rule. The Commission has fraud prevention, detection, investigation, reporting and data collection procedures and processes in place that align with the requirements of the Commonwealth Fraud Control Framework 2017.

The Commission has taken all reasonable measures to minimise the incidence of fraud, and to investigate and recover the proceeds of fraud against the Commission.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Peter Woolcott'.

Peter Woolcott AO  
Australian Public Service Commissioner  
15 October 2020

## Readers guide

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This is the Annual Report from the Commissioner of the Australian Public Service incorporating the Annual Report of the Merit Protection Commissioner for the financial year ending 30 June 2020. The report reviews the purposes and outcomes of both Commissions.

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### Report structure

This report has been prepared in accordance with a range of publications including:

- Commonwealth Grants Rules and Guidelines
- Commonwealth Procurement Rules
- Public Governance, Performance and Accountability Act 2013
- Public Governance, Performance and Accountability Rule 2014
- Public Governance Performance and Accountability (Financial Reporting) Rule 2015
- RMG–125 Commonwealth Entities Financial Statements
- RMG–131 Developing good performance information
- RMG–135 Annual report for non-corporate Commonwealth entities
- RMG–138 Commonwealth entities Executive Remuneration Reporting Guide for Annual Reports
- RMG–202 Audit committees
- RMG–214 Notification of significant non-compliance with the finance law
- RMG–423 Procurement Publishing and Reporting obligations
- Tabling Guidelines

### Accessing this report online

Further information about the Australian Public Service Commission and an online version of this report are available on our website at [apsc.gov.au](http://apsc.gov.au) The Annual Report can also be found at [transparency.gov.au](http://transparency.gov.au)

### Feedback, enquiries and other uses

The Australian Public Service Commission welcomes comments on this report. If you have feedback and enquiries about any aspect of the report or any questions about the licence or any other use of this document, please contact media enquiries, on (02) 6202 3500 or [media@apsc.gov.au](mailto:media@apsc.gov.au)

**1****Part 1: Overview**

This part contains a review of the year by the Australian Public Service Commissioner, including significant achievements, developments, performance and financial performance. This part also provides an overview of the Australian Public Service Commission (the Commission), its role, functions, organisational structure, and outcome and program structure.

**2****Part 2: Annual performance statements**

This part reports on the Commission's results against performance criteria as outlined in the *Corporate Plan 2019–20*, *Portfolio Budget Statements 2019–20* and *Portfolio Additional Estimate Statements 2019–20*, and provides an analysis of the factors that contributed to the Commission's performance.

**3****Part 3: Management and accountability**

This part provides information about the Commission's governance framework, fraud and risk management arrangements, external scrutiny, workforce planning, human resources and purchasing. It also includes information about workplace health and safety, small business, procurement initiatives, client services, advertising and market research, ecologically sustainable development and environmental performance and grants programs.

**4****Part 4: Financial statements**

This part contains discussion and analysis of the Commission's financial performance, audited financial statements and a report by the Auditor-General.

**5****Part 5: Appendices**

This part provides supplementary information such as resource statements, staffing profile, work health and safety, ecologically sustainable development and environmental performance, advertising, disability reporting and information publication scheme.

**6****Part 6: Reference material**

This part includes a list of abbreviations and acronyms, a glossary, the list of requirements under the Rule.

**7****Part 7: Annual Report of the Merit Protection Commissioner**

This part comprises the Merit Protection Commissioner's Annual Report for the financial year ending 30 June 2020.

**8****Part 8: Index**



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Part one

# Overview





# Commissioner's Review

It has been a year of unprecedented challenges and transformation for the Australian Public Service (APS) and for the Australian Public Service Commission. At the outset, the APS was focused on realigning itself to become more outward-facing and ensure a clear line of sight between our everyday business and the people we serve. As the year progressed, we were tested by the major upheaval of a national bushfire crisis followed by the COVID-19 global pandemic.

The APS, assisted by the Commission, was quick to support the Government's response to these crises. We worked as a joined up enterprise, reprioritising actions and redeploying staff across the APS to ensure the delivery of services to Australians. We rapidly shifted to widespread working from home arrangements. This challenged IT systems and required leaders and their teams to interact with each other in innovative ways. All of this, we have achieved during a period of major upheaval and public unease.

As we transition back to our usual places of work, it is clear that although the fundamental role of the Service has not changed over the past twelve months, it is now operating very differently.

It is against this background that I draw attention to some of the Commission's achievements in 2019–20.

The start of the year was marked by a focus on reform, informed by the work of the Independent Review of the APS, and made tangible in the Government's *Delivering for Australians* reform agenda. Both the Review and the Government's response envisaged a significant role for the Commission.

The COVID-19 pandemic brought an increased urgency to some of our reform priorities. The complexity and urgency of the APS response, and the need for a coordinated focus, made a powerful case for the APS to operate as a single enterprise

The speed at which the APS and the Commission had to respond to the challenges brought by COVID-19 saw years of reform potential realised in months. Our collective response underlined the merits of breaking down barriers to collaboration and mobility, and of embracing new technology and innovative approaches to advice and regulation.

In line with the broader APS, the Commission implemented flexible working conditions to keep our employees safe, including social distancing



measures and increased working from home arrangements, which increased demand for technological assistance.

Within this new environment, the Commission supported the APS response to COVID-19 through its lead role in the Workforce Management and COVID-19 Taskforces.

The COVID-19 Taskforce was set up within the Commission as a single source of truth on all workforce issues. The COVID-19 Taskforce provided consistent and timely guidance and advice across the service, assisting agencies and APS employees to understand their options and responsibilities in the face of the pandemic upheaval.

The Workforce Management Taskforce was established to ensure that critical functions across the APS were resourced to deliver services to Australians in need. This taskforce facilitated the re-deployment of over 2,000 people from across the Service, primarily into Services Australia to assist with delivery of the Jobseeker program.

Both taskforces worked closely with the Chief Operating Officer (COO) Committee to ensure clear and consistent communication across the APS on all COVID-19 workforce management matters.

The Workforce Management Taskforce will continue to operate and evolve to ensure the APS is well placed to support the Government's recovery agenda and to respond to future crises.

Despite the reprioritisation of work sparked by the COVID-19 response, the Commission has also continued to progress key business priorities in line with its goal to position the APS workforce for the future.

Lifting the capability of the APS workforce continues to be a key area of focus. In the face of COVID-19 restrictions, we redesigned our suite of learning and development programs for remote delivery using online platforms. The Commission has also progressed the development of an APS-wide Workforce Strategy. When completed, the strategy will identify the capabilities required to support economic recovery, keep Australians safe, and prepare for longer-term needs.

We have already begun work to build key workforce capabilities by establishing the first APS professions. The HR Professional Stream, developed in partnership with the Australian Taxation Office, was launched in October 2019. This was followed by the Digital Professional Stream, a collaborative

effort with the Digital Transformation Agency, in March 2020, and the Data Professional Stream being planned. These new initiatives will allow the APS to target development and build career paths for employees in critical roles.

Graduate recruitment is another avenue for building capability across the service. This year the Commission has piloted an Australian Government Graduate Recruitment program, which aims to reduce the burden on prospective APS graduates by creating shared recruitment streams. Economics, data, digital, human resources and STEM graduates can now reach multiple agencies with one application.

Diversity and inclusion also remained a priority during 2019–20. On 3 July 2020 the *Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024* was launched, designed to strengthen Aboriginal and Torres Strait Islander employment opportunities in the Commonwealth public sector. The Commission also developed the *APS Disability Employment Strategy 2020–2025*, in partnership with the Department of Social Services, to increase recruitment, retention and workplace accessibility for people with disability.

A continuing contribution of the Commission to effective APS workforce management is the support it provides agencies to ensure compliance with the Government's bargaining policies and improve workplace relations skills. This year, one hundred per cent of agreements were compliant with Government policy.

The challenges of recent months have underscored the need for high-calibre leaders across the APS, including the importance of a strong and diverse leadership pipeline. The Commission continues to invest in APS leadership capability in a number of ways, including supporting the work of the Secretaries Talent Council (STC) and Deputy Secretaries Talent Council (DSTC). This year, the STC commenced the design of an APS-wide approach to succession management for the most senior roles, while the DSTC managed the largest ever talent assessment and development process for senior executives across the APS.

We have learned much about the value of flexibility and mobility over the past twelve months, the importance of collaboration and the value of acting as one enterprise and utilising data. We need to continue driving reform, innovating and embedding the lessons learned to ensure the APS continues to be fit for purpose.

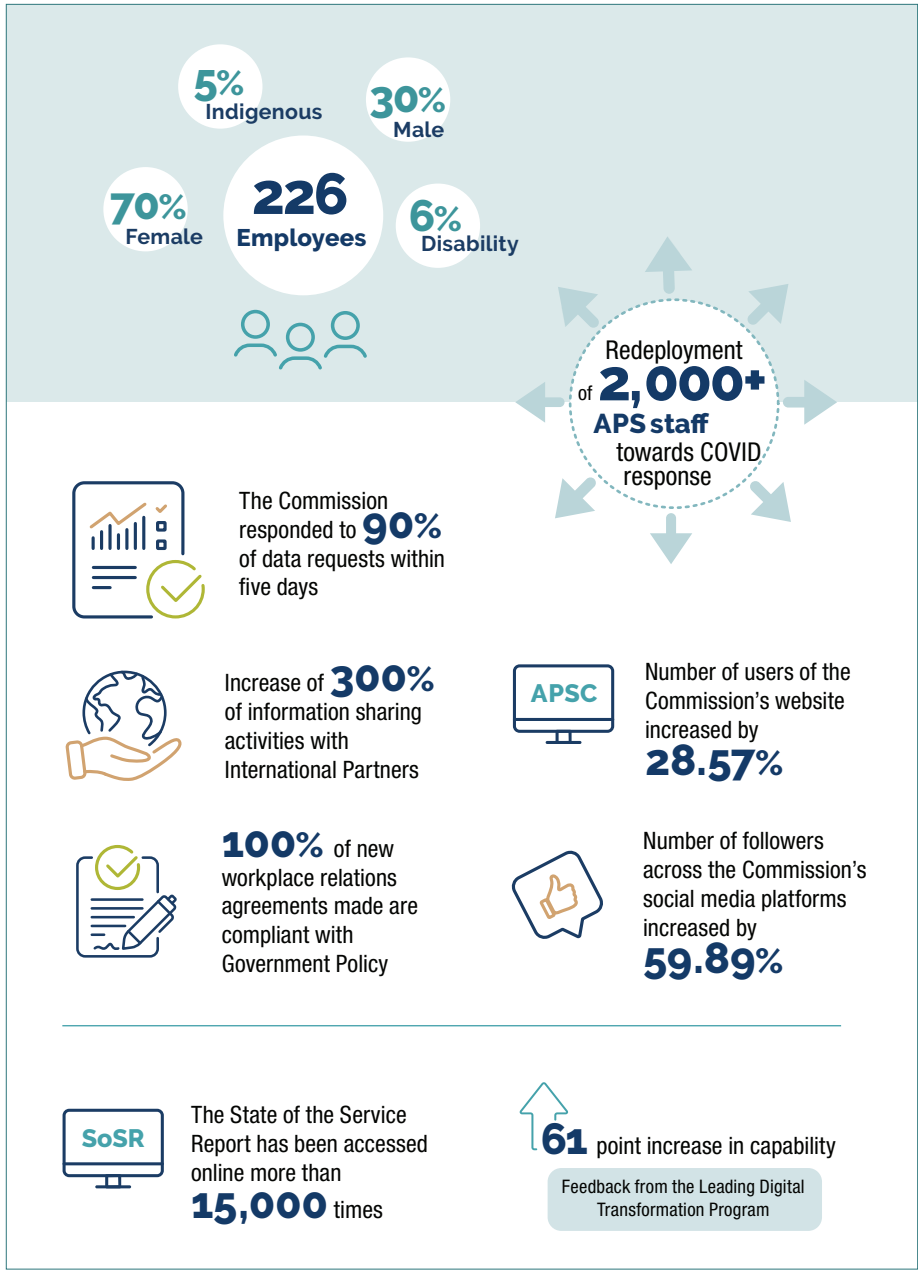
It is a privilege to be part of a world-class public service that delivers what is required and provides critical services to Australians during such a difficult time.



Peter Woolcott AO  
Australian Public Service Commissioner  
15 October 2020

# At a glance

Figure 1: The Australian Public Service Commission at a glance



## About the Commission

The Australian Public Service Commission (the Commission) is a non-corporate Commonwealth agency within the Prime Minister and Cabinet portfolio. The Commission's statutory responsibilities, which are detailed in the *Public Service Act 1999* (the Act), include:

- developing, promoting, reviewing and evaluating Australian Public Service (APS) employment policies and practices
- contributing to learning and development and career management
- contributing to and fostering leadership in the APS
- providing advice and assistance on public service matters to agencies
- promoting high standards of integrity and conduct in the APS.

The Commission supports two statutory office holders—the Australian Public Service Commissioner (the Commissioner) who is the agency head, and the Merit Protection Commissioner. Their functions are set out in sections 41 and 50 of the Act.

The Australian Public Service Commissioner makes staff available to assist the Merit Protection Commissioner in performing her prescribed functions. The Merit Protection Commissioner's Annual Report follows the appendices to this report.

The Commission also provides secretariat support to the Remuneration Tribunal and the Defence Force Remuneration Tribunal.

This report's financial statements incorporate the activities of the Commissioner, the Merit Protection Commissioner and the two Tribunals.

## Minister

The Minister is the Hon Greg Hunt MP, Minister for Health and Minister Assisting the Prime Minister for the Public Service and Cabinet. The Hon Ben Morton MP, Assistant Minister to the Prime Minister and Cabinet, temporarily took on responsibility for public service matters, including the Australian Public Service Commission, from 2 April 2020.

## Staff

At 30 June 2020, the Commission had an average staffing level (ASL) of 210 employees.

## Legislation

The Commissioner has powers and functions under the Act and subordinate legislation. The Commission provides policy advice to agencies on the *Maternity Leave (Commonwealth Employees) Act 1973*, the *Long Service Leave (Commonwealth Employees) Act 1976*, and the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

The Remuneration Tribunal and the Defence Force Remuneration Tribunal operate under separate enabling legislation.

## Key Management Personnel



**Mr Peter Woolcott AO**  
**Australian Public Service Commissioner**

Mr Peter Woolcott AO commenced as the Commissioner on 9 August 2018.

He has served as Australia's High Commissioner to New Zealand (2016–2017), Ambassador for the Environment (2014–16), and led the negotiations to the Paris Agreement on climate change (2016), Permanent Representative to the UN in Geneva and Ambassador for Disarmament (2010–2014), Ambassador for People Smuggling Issues (2009) and Ambassador to Italy (2004–2007), and Australian Consul General, Honolulu and Representative to US Commander in Chief Pacific (1998–2001).

Most recently he has served as former Prime Minister Malcolm Turnbull's Chief of Staff.

Mr Woolcott was appointed an Officer in the Order of Australia in 2017 for his distinguished service to public administration in the field of international relations, and as a lead negotiator in the non-proliferation and arms control fields.

Mr Woolcott was Chair of the Final United Nations Conference on the Army Trade Treaty in 2013.





**Ms Mary Wiley-Smith**  
**Deputy Australian Public Service Commissioner**

Ms Mary Wiley-Smith commenced as the Deputy Commissioner on 3 September 2018. Ms Wiley-Smith was previously First Assistant Secretary at the Department of the Prime Minister and Cabinet, working on the Independent Review of the APS.

Prior to joining the Review, Ms Wiley-Smith led the Cities Division in the Department of Infrastructure, Regional Development and Cities—responsible for the pioneering of ‘city deals’ in Australia.

Ms Wiley-Smith was previously the Chief Operating Officer for the Department of the Environment and Energy. She led the Strategic Review of the Department of the Environment, and also established its Sustainability, Policy and Analysis Division.

Ms Wiley-Smith has over 25 years in the APS and has a breadth of experience in building workforce capability and driving reform. She has held senior executive roles in the Australian Government leading work on sustainability, climate change, cities and urban policy, energy efficiency, housing affordability and supply, and renewable energy.



**Mr Richard Bartlett**  
**First Assistant Public Service Commissioner**

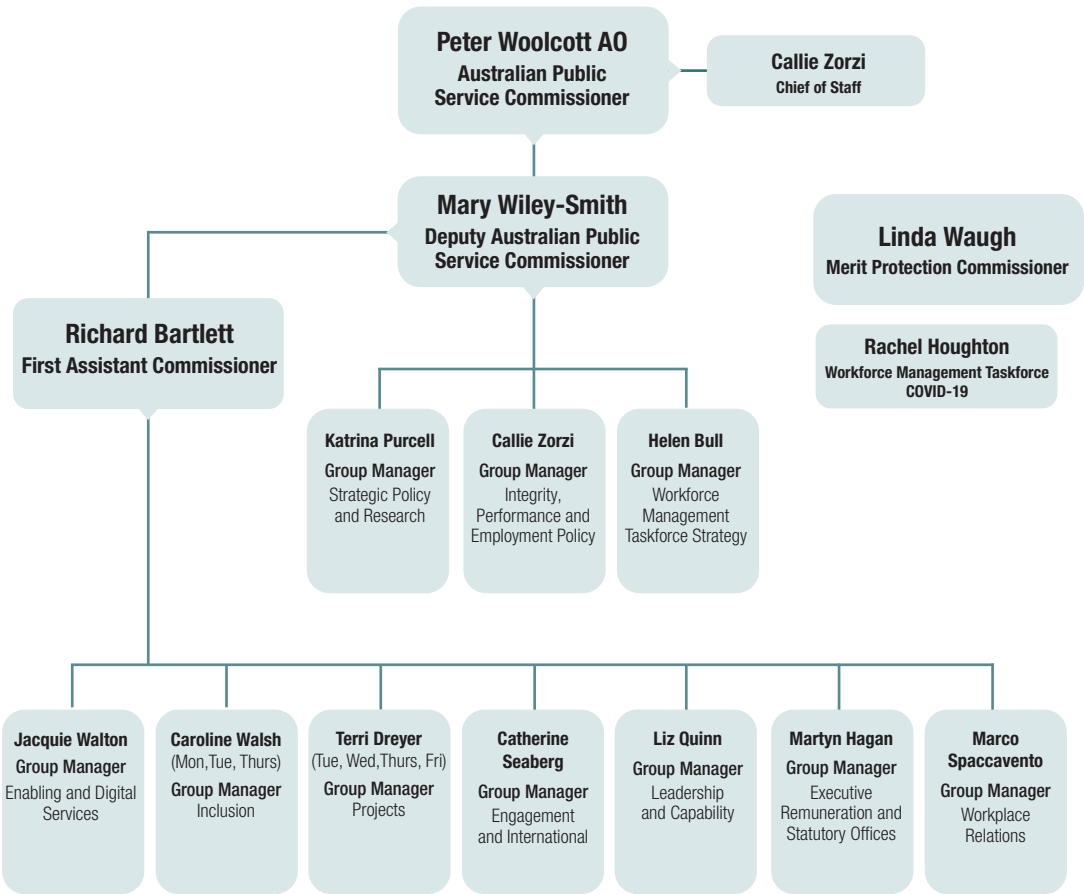
Before joining the Commission, Mr Richard Bartlett was First Assistant Secretary, Social Policy Division at the Department of Finance. In this role, Mr Bartlett provided policy and finance advice to government on families, health, housing, community services, Indigenous affairs, aged care, veterans’ affairs and government service delivery.

Prior to this, Mr Bartlett held various senior roles at the Department of Finance, including First Assistant Secretary of Industry, Education and Infrastructure Division and First Assistant Secretary of Efficiency, Assurance and Digital Government Division. In these roles, Mr Bartlett provided policy and finance advice to government on education, energy, industry, transport and infrastructure, as well as driving public sector reform and digital transformation initiatives.

Mr Bartlett has also held a range of senior executive roles in the Australian Government at the Department of Health and at the Department of Veterans’ Affairs.

# Organisational structure

Figure 2: Organisational structure as at 30 June 2020



## Purpose, outcome and program structure

The purpose, planned outcome and corporate goals of the Commission are set out in the Commission's 2019–20 Portfolio Budget Statements (available at [www.pmc.gov.au](http://www.pmc.gov.au)) and the Commission's Corporate Plan 2019–20 (available at [www.apsc.gov.au](http://www.apsc.gov.au)).

The purpose of the Commission is to position the APS workforce for the future.

The Commission's planned outcome is to increase awareness and adoption of best practice public administration by the APS through leadership, promotion, advice and professional development, drawing on research and evaluation (Outcome 1, 2019–20 Portfolio Budget Statements). The Commission works to achieve this through two programs:

Program 1.1—Australian Public Service Commission

Program 1.2—Judicial Office Holders' Remuneration and Entitlements.

The Corporate Plan 2019–20 builds on and complements the 2019–20 Portfolio Budget Statements and identifies six corporate goals that reflect the priorities of Program 1.1:

- ensuring good governance
- lifting the capability of the APS
- building leadership for the future
- providing stewardship of the APS
- upholding the integrity of the APS, and
- providing the right tools and workplace for our staff.

Part two

# Annual performance statements



## Response to pandemic

The COVID-19 pandemic, which came into prominence following the bushfires that ravaged Australia's east coast at the start of 2020, has had significant impacts on the APS.

In response to the pandemic, the Commission established the APS Workforce Management Taskforce (the Taskforce) with a key priority to facilitate the rapid re-deployment of staff from across the APS to support critical Commonwealth functions. In addition, the Taskforce has coordinated information and advice on COVID-19 in the APS, staff mobility across the service to support the response to COVID-19 and remote working.

Following the 26 March 2020 direction from the Prime Minister<sup>1</sup>, the Taskforce's central focus became facilitating the movement of APS employees to areas of highest need to support Australians during this pandemic.

In April 2020, the Taskforce facilitated the largest mobilisation of staff in working memory with the re-deployment of over 2,000 APS employees from across 15 Commonwealth government portfolios to Services Australia. APS staff have also been deployed to support the National Incident Room at the Department of Health, and the work of the National COVID-19 Coordination Commission at the Department of Prime Minister and Cabinet.

The Taskforce continues to respond to surge requests across the public sector for assistance.

To support the internal APS response to the pandemic, in mid-March following a decision of the Chief Operating Officers Committee, the Commission established the APSC COVID-19 Taskforce. The COVID-19 Taskforce was made up of 13 staff from the Commission and seconded from the Department of the Prime Minister and Cabinet, Department of Defence, Department of Finance, and Department of Home Affairs. Intended to act as the single source of truth for APS agencies and employees on the workforce impacts of COVID-19, the taskforce created and disseminated advice on matters such as leave for employees diagnosed with COVID-19 or required to self-isolate, working from home arrangements in response to restrictions, and options for employees no longer able to perform their regular work (for instance, because their workplaces were closed). Between March and June 2020 the APSC COVID-19 Taskforce published 42 guidance products for APS entities and staff, responded to agency inquiries and disseminated a range of other information.

<sup>1</sup> <https://www.legislation.gov.au/Details/F2020L00326>

## Response within the Commission

Internally, the Commission responded swiftly to the impacts of the COVID-19 pandemic. From mid-March the Commission had identified critical areas of work as well as resources that could be redirected to support the APS wide response. The Commission redirected almost 30% of the workforce to support the APS COVID-19 response—to Services Australia, Department of Health and to the APS Workforce Management Taskforce.

Staff were supported to work flexibly and the Commission provided regular communication to ensure continued business operations. The efficient transition to wide-spread working from home arrangements was supported by the technology solutions provided to staff, and continued productivity was enabled by the protected network provided by PM&C.

The Commission prioritised staff wellbeing, engagement and productivity; through an internal communication response ensuring all staff were provided with clear information and advice. This included the creation of a dedicated COVID-19 intranet page and the establishment of virtual engagement techniques to ensure Commission staff remained engaged and productive during this challenging time.

In anticipation of the incremental lifting of COVID-19 restrictions, in May the Commission commenced preparation to transition its workforce back into the workplace. The Commission continued to prioritise the safety and wellbeing of all staff as well as productivity. The Commission's Transition Back to Usual Place of Work and COVIDSafe Workplace Action Plan were collaboratively developed, drawing on advice from Department of Health, Safe Work Australia, Comcare, and State and Territory Authorities. The plans endorsed by the Executive Board in June 2020, and the formal return to the workplace commenced the same month. Noting that the Canberra tenancy had remained operational, by early July 2020, 94% of staff had returned to working from the office on either a full-time or part-time basis.

The Transition Back to the Workplace Plan included four phases: Plan, Implement, Monitor and Stabilise. We are now in the Stabilise phase.

The coronavirus challenges and impacts continue to be unpredictable and as such our response and actions require regular iteration, as such these plans continue to be monitored and refreshed.

## Delivering for Australians

The COVID-19 pandemic has brought significant challenges to the APS and the Commission. It has reinforced the need for an adaptable, collaborative and responsible public service to provide essential services and support Australia's security and prosperity, now and into the future.

During 2019–20, the Commission worked with the Department of the Prime Minister and Cabinet to support the Independent Review of the Australian Public Service (the Thodey Review) and the Government's response. The Government accepted the majority of the Review's recommendations and released its response and reform agenda 'Delivering for Australians' in December 2019. In early 2020, the Commission contributed to implementation planning of priority initiatives.

While the Secretaries Board agreed to focus reform implementation in April 2020 on the response to COVID-19, the Commission worked across the Service to help equip the APS to address the crisis. The mobilisation and collaboration experienced across the APS during the initial COVID-19 response has seen years of reform realised in just months. The Commission is building on this to embed change across the Service in line with the Government's expectations for a dynamic, capable and responsive APS.

As a central agency with responsibility for the APS workforce and its people, the Commission is leading the delivery of a number of reform initiatives to strengthen the capability of the APS workforce, including:

- implementing an APS mobility framework
- developing an APS professions model
- building a pro-integrity culture within the APS through better guidance, processes and tools
- overhauling APS recruitment and induction including streamlining graduate recruitment.

### Progress across 2019–2020

The Commission commenced work on an APS mobility framework in early 2020. The Commissioner established the Workforce Management Taskforce to rapidly facilitate the voluntary movement of over 2,000 APS employees across agencies to deliver critical services to Australians. This is in addition to the 9,000 APS staff mobilised within agencies to support the Government's response and recovery from COVID-19.

Insights from this work have been actively applied to ensure strategic use of mobility beyond the COVID-19 crisis, focusing on surge, problem-solving and staff development.

The mobility framework will include a core of policies, guidance and templates targeted at key stakeholders. The framework will be implemented in late 2020.

2019–20 also lit up the importance of retaining and strengthening specialist expertise within the APS. The APS professions model will play a vital role in building the capability of employees working in critical disciplines, developing strong professional cohorts to encourage better workforce mobilisation, supporting a more joined-up APS and positioning the APS for the future.

Foreshadowing the findings of the Independent Review, together with the Australian Taxation Office, the Human Resources professional stream was introduced in October 2019 providing a network of expertise which was leveraged to support the initial COVID-19 response. The Digital Professional Stream was subsequently launched in partnership with the Digital Transformation Agency (DTA) in April 2020 with the Data Professional Stream to be launched later in 2020.

During 2019–2020, the Commission took productive steps towards streamlining graduate recruitment across the Service. In partnering with other agencies the Commission has provided graduate job seekers with opportunities to explore a range of graduate roles across multiple agencies, and grow the ‘One-APS’ concept across this cohort.

The opportunity for graduates to apply only once to be considered for a range of HR, economist, data, STEM, generalist and digital placements saw around 6,000 graduate applications lodged across all streams when applications closed in May 2020, greatly exceeding expectations for this new approach. During the coming year recruitment reform will further evolve in alignment with the APS workforce strategy and professions model.

The Commission continues to build on efforts to support leadership development within the APS, which included SES capability assessments and work on the talent pipeline during the reporting period.

Strengthening and promoting a pro-integrity culture within the APS continued to be a significant priority for the Commission during the reporting period. A number of activities are underway to advance this initiative and build better integrity guidance, processes and tools for the APS which will continue into 2020–21.



## Professionalising the APS workforce

During the year, the Commission consulted agencies and learned from the experiences of other jurisdictions to develop a Professions Framework. The framework is expected to be endorsed early in 2020–21. It will guide the development and activities of new professional streams. The key focus is on building capability and promoting career pathways (including mobility) of employees working in disciplines where there are identified critical capability gaps at the APS-wide level.

- The Australian Public Service Commissioner is the Head of Professions
- The Human Resources Professional Stream commenced in October 2019, led by Ms Jacqui Curtis, COO of the Australian Taxation Office (ATO)
- The Digital Professional Stream commenced in April 2020, led by Randall Brugeaud, Chief Executive Officer (CEO) of the Digital Transformation Agency (DTA)
- The Commission worked closely with the ATO and the DTA to develop commencement strategies for both professional streams.

The Commission also worked with the Australian Bureau of Statistics to prepare for the commencement of the forthcoming Data Professional Stream.

## Statement of preparation

I, Peter Woolcott, as the accountable authority of the Australian Public Service Commission (APSC), present the annual performance statements of the Australian Public Service Commission for the period of 1 July 2019 to 30 June 2020, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements accurately reflect the performance of the Australian Public Service Commission during the reporting period and comply with subsection 39(2) of the PGPA Act.



Peter Woolcott AO  
Australian Public Service Commissioner  
23 September 2020

## Purpose

Our purpose is to position the APS workforce for the future to ensure it meets the demands and expectations of the Australian Government and people.

In the 2019–20 Corporate Plan, the APSC identified six strategic priorities to guide our activities to ensure we achieved our purpose. These strategic priorities included:

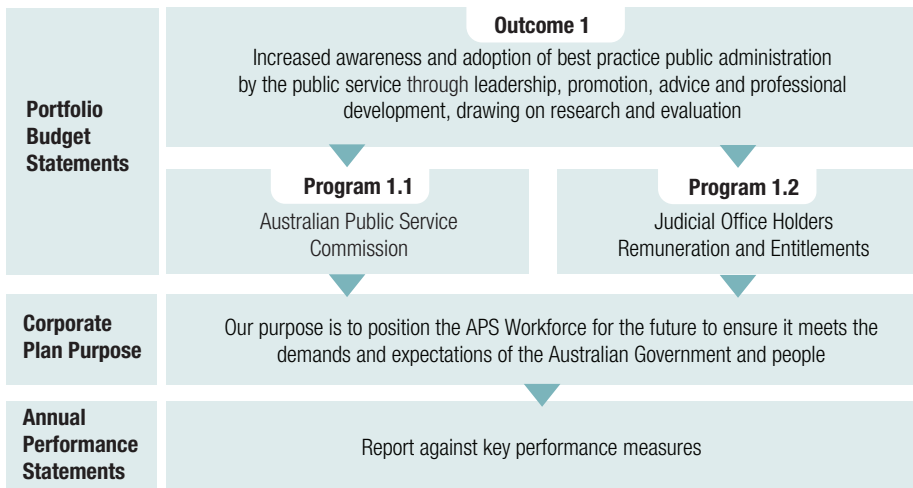
1. Ensuring good governance
2. Lifting the capability of the APS
3. Building Leadership for the future
4. Providing Stewardship of the APS
5. Upholding the Integrity of the APS
6. Providing the Right Tools and Workplace for our staff

## Reporting approach

In response to the PGPA Act, this section presents a detailed review of the Commission's performance in 2019–20. This includes delivering on the key performance criteria for Programs 1.1 and 1.2 in the 2019–20 Portfolio Budget Statement, and the strategic priorities, deliverables and objectives described in the Commission's Corporate Plan 2019–20.

## Relationship between the Commission's 2019–20 Portfolio Budget Statements and the Corporate Plan 2019–20

Figure 3: Corporate Plan mapped to Portfolio Budget Statements



## Differences in the 2019–20 Corporate Plan and 2019–20 Portfolio Budget Statements

The performance measures set out in the 2019–20 Corporate Plan were different to the performance criteria shown in the Portfolio Budget Statement (PBS) in that the Corporate Plan contained more performance measures than the PBS. The performance criteria from the PBS and performance measures from the Corporate Plan are shown in Table 1.

**Table 1: Differences between the PBS performance criteria and Corporate Plan performance measures**

Strategic Priorities 2019–20	2019–20 Corporate Plan Performance Measures	2019–20 PBS Performance Criteria
Ensuring Good Governance	Transform the APS Employment Framework Shape the APS	Modernise the APS Workforce Shape the APS Workforce
Lifting the Capability of the APS	Build Workforce Capability in the APS	Build Workforce Capability
Building Leadership for the Future	Strengthen Leadership in the APS	—
Providing Stewardship of the APS	Provide the Voice of the APS	—
Upholding the Integrity of the APS	Promote a High Standard of Integrity in the APS	Promote a High Standard of Integrity in the APS
Providing the Right Tools and Workplace for our Staff	Be an Employer of Choice in a Competitive Workplace	—

The difference between the PBS performance criteria and performance measures is due to timing and further maturing and clarification of priorities. The PBS was released prior to the development of the Corporate Plan. Upon reflection, additional performance measures were added in the 2019–20 Corporate Plan to ensure the Commission would fulfil its role and purpose.

PBS Program 1.2, does not map to the Corporate Plan as a decision was taken not to include the work of Remuneration Tribunal in the Corporate Plan. However, performance has been evaluated for this PBS program in the PBS program performance section.

## The Commission's Annual Performance Statements

In the 2019–20 Corporate Plan, we identified six strategic priorities to guide our activities. The performance measures under each strategic priority were developed to ensure the Commission remained focussed on its purpose. All performance measures were evaluated as either Achieved, Partially Achieved or Not Achieved.

## Overall performance of the Commission

In the face of workforce and workplace upheaval, the Australian Public Service Commission has ensured the continued delivery of what the Government, the Australian Public Service, and the Australian people expect of us. In addition, the Commission has also been at the forefront of efforts to support the APS response to the COVID-19 pandemic.

While not all strategic priorities were completely achieved in the original timeframes, the Commission has fully and/or partially achieved over 80% of the planned outcomes; in addition to redirecting our effort to the right areas at the right time to address the unexpected demands experienced in the second half of the financial year.

This is reflected in the performance summary below.

## Performance Summary

**Table 2: Summary of performance**

2019–20 Corporate Plan Strategic Priorities	Number of Targets	Achieved	Partially Achieved	Not Achieved
1: Ensuring Good Governance	5	1	4	-
2: Lifting the Capability of the APS	7	5	-	2
3: Building leadership for the future	2	2	-	-
4: Stewardship of the APS	5	3	2	-
5: Upholding the integrity of the APS	2	1	1	-
6: Providing the right tools and workplace for our staff	4	1	1	2
<b>Total</b>	<b>25</b>	<b>13</b>	<b>8</b>	<b>4</b>

## STRATEGIC PRIORITY ONE: ensuring good governance

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Good governance with genuine transparency and accountability is pivotal to the professional performance of the APS and its ability to deliver the services Australians count on.

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Under Strategic Priority One, three focus areas illustrated the Commission's work to ensure good governance. The areas of focus included the employment framework, diversity and inclusion, and workplace relations.

Of the five targets set for 2019–20 one was achieved and four were partially achieved.

### Performance Analysis

#### Employment Framework

Insights from stakeholders and end users indicates there has been increased knowledge and confidence in using more contemporary SES employment practices. Since the release of the APS SES HR Practitioners Guide, the Commission has observed a shift in general enquires received about SES matters, through both the advice phone line and mailbox, from day-to-day to more targeted and case-by-case queries in nature. A number of agencies have provided feedback on the implementation of the new APS SES HR Practitioners Guide during 2019–20 that notes the structure and tone of the guidance is succinct and easy to interpret, indicating existing published employment policy content is dense and regulatory in nature. The method applied with updating the SES HR Practitioners Guide has resonated with senior governance committees and will be applied against updating further guidance material in the next financial year.

The HR Working Group has played a key advisory role to the COO Committee in the development of APS-wide policy and guidance in response to COVID-19, including overcoming implementation challenges. It has also actively contributed to the development of strategic guidance relating to the implementation of contemporary HR approaches during, and with a view towards recovery, COVID-19 related leave arrangements, performance management, mobility and COVID-safe workplaces. The agenda is guided by the priorities of the Chief Operating Officers Committee (COO Committee), Head of the HR Profession and emerging HR issues identified in the APS; meeting fortnightly to progress these objectives, sharing contemporary HR practices and experiences to develop suitable solutions. The group is also a key consultative body for the Commission in policy and strategy development and implementation, including APS Review reform initiatives. Members consist of senior HR professionals from across

the APS, primarily at the SES Band 1 and Band 2 level. This group actively champions these contemporary practices in their workplaces and more broadly in the APS HR Professions Network.

For example, the development and release of a one-page streamlined Memorandum of Understanding (MOU) supporting a mobilised workforce has been integral in responding to workforce changes of the APS over the 2019–20 period, particularly during the COVID-19 period. The MOU is simple and offers a baseline alternative for agencies to facilitate movement where necessary. Increased movement throughout the APS over this period with relatively low queries about how to use or apply the MOU indicates there is an increased knowledge and confidence in using more contemporary employment practices, specifically around movement. Beyond the COVID-19 response, this streamlined MOU can be implemented by agencies in their general HR practices.

The Commission continues to work with APS agencies to develop, advise and share information on contemporary employment practices, as well as assisting agencies with implementation. This has been facilitated through direct engagement, updated guidance and development of streamlined mechanisms to mobilise staff quickly. The APS has adapted its operating model in response to COVID-19 and the Commission has responded with a long-term view of implementing forward thinking policy, particularly breaking down traditional barriers to mobility.

## Mobility

The target for this financial year was an increase in mobility opportunities and collaboration reflected in Census results. Mobility within the APS occurs in several ways – internal movements within an agency; movement between agencies; and movements between the APS and other sectors. These movements happen through a few mechanisms, but the most common are internal transfers, followed by inter-agency secondments, then temporary transfers under s26 of the *Public Service Act 1999*.

Due to COVID-19, the Census has been delayed to October 2020. However, 2019–20 was a significant year for APS mobility, and saw a large increase in the number of mobility opportunities available to staff. Mobility within the APS has been of great importance during the pandemic response, which triggered large-scale mobilisation within and between agencies. To support this, the APSC established the APS Workforce Management Taskforce to facilitate movements between agencies, supplemented by the streamlined MOUs and administrative processes described in the Employment Framework section above.

During the response to COVID-19, the Commission has collected data on COVID-19-related movements through a survey of APS agencies. While the data has some gaps (surveys were not completed by all agencies each time), it provides a broad estimate of COVID-related mobility over the three months to 30 June 2020. At the pandemic's peak in May 2020, survey results and cumulative totals from the APS Workforce Management Taskforce indicate approximately 11,000 APS employees were redeployed either within their agency or between agencies on COVID-19-related work.

Collaboration between agencies on staff movements to support COVID-19 work has also been a feature of the APS response. At least 2,200 APS employees had moved between agencies on COVID-related work by 30 June 2020. Employees were strongly supportive of this mobilisation, with the APS Mobility Register listing more than 5,000 APS employees who had nominated by 30 June 2020 to participate in a COVID-19 related inter-agency mobility opportunity.

A Commission survey of staff who had participated in a COVID-19 related move found a key motivation for many was wanting to help serve Australians in need of support. Two-thirds of respondents said they would volunteer again in the future.

## Diversity and Inclusion

As the 2020 APS Census has been postponed, the Commission cannot evidence that all employees have experienced positive shifts in perception. However, in addition to supporting the SEDC in the development of the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy and APS Disability Employment Strategy, training on APS Ethics and Values continued to be delivered through 2019–20 resulting in increases of self-reported capability from pre-training to post-training.

The 2019 APS Agency Survey indicated that APS employees who identified as LGBTI+ had similar perceptions about inclusion in the workplace as those who did not identify as LGBTI+ and that 39 of the 97 participating APS agencies indicated they had an LGBTI+ inclusion strategy, plan or policy in place. Additionally, 36 of the 97 participating APS agencies reported having an action plan, strategy and/or policy in place to support culturally and linguistically diverse employees.

### ***Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–24***

The draft *Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024* was reviewed by the Secretaries' Equality and Diversity Council (SEDC) on 4 October 2019 and endorsed by the Prime Minister on 28 February 2020 prior to its launch on 1 July 2020. The Strategy has an increased focus on bolstering Aboriginal and



Torres Strait Islander employment opportunities and experiences in the Commonwealth public sector. It sees a renewed focus on developing and retaining a strong leadership cohort, by building a talent pipeline with clear opportunities for career advancement. Together with specific targets, the Strategy focusses on three priority areas: Cultural Integrity, Career Pathways, and Career Development and Advancement.

### ***APS Disability Employment Strategy 2020–25***

The APSC, in collaboration with the Department of Social Services, has developed an APS-wide strategy for the purpose of increasing recruitment and retention and creating an inclusive and accessible environment for people with disability. The *APS Disability Employment Strategy 2020–2025* Framework was endorsed by the SEDC on 7 February 2020.

### ***APS Gender Equality Strategy***

The Commission established a cross-agency project team to develop a refreshed APS Gender Equality Strategy. The project is co-sponsored by the Commission and the Office for Women. The new strategy will build upon an evaluation of the previous strategy, lived experience, feedback and broad consultation.

### ***Workplace Relations***

Workplace Relations Group surveyed agencies it provided advice to during the 2019–20 financial year. The survey measured agency satisfaction with the advice and guidance they were provided in relation to the Government's Workplace Bargaining Policy 2018, enterprise bargaining and determinations issued under Section 24(1) of the *Public Service Act 1999* as well as determinations issued under agency specific enabling legislation.

Results showed that the vast majority of agencies were satisfied with the responsiveness, comprehensiveness and clarity of the advice provided and professionalism and helpfulness of APSC Workplace Relations Group staff.

## Performance summary

**Table 3: Employment Framework**

<b>Performance Measure</b>	Transform the APS employment framework
<b>Area of Focus</b>	Employment Framework
<b>Approach</b>	Support the Government's policy agenda
<b>Target</b>	<ol style="list-style-type: none"> <li>1. Feedback from stakeholders indicates an increased knowledge and confidence in using more contemporary employment practices</li> <li>2. APS Census results indicate an increase in mobility opportunities and collaboration across the APS</li> </ol>
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 8; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Partially Achieved</i></b></p> <p>The APSC has implemented a number of initiatives to increase knowledge and confidence of contemporary HR practices. While formal feedback has not been requested from stakeholders, key achievements in 2019–20 include:</p> <ul style="list-style-type: none"> <li>• The establishment of the HR Working Group to support the work of the COO Committee, COVID-19 Taskforces and Commission more broadly in the development of current and future HR guidance, reform projects and advice that will enable the APS to continue to deliver for Australians.</li> <li>• A contemporary SES HR Practitioners Guide was developed to assist with lifting capability of HR practitioners in the APS to operationalise SES employment policy. This guide was developed in consultation with key agencies and endorsed by the HR Working Group.</li> <li>• Since the release of the SES HR Practitioners Guide, the Commission has observed a shift in general enquires received about SES matters through both the advice phone line and mailbox, from day-to-day queries to queries which are more targeted and case-by-case in nature.</li> <li>• The development of a one-page MOU and Secondment Standard Terms and Conditions facilitated the successful movement of more than 2,234 staff across the APS in response to COVID-19.</li> </ul> <p><b><i>Partially Achieved</i></b></p> <p>The 2020 APS Census was delayed to October 2020 due to COVID-19, however experience during the pandemic showed large scale mobility across the service.</p>

**Table 4: Diversity and Inclusion**

<b>Performance Measure</b>	Transform the APS employment Frameworks
<b>Area of Focus</b>	Diversity and Inclusion
<b>Approach</b>	Support the Government's policy agenda
<b>Target</b>	<p>3. Diversity and gender strategies endorsed by the Secretaries Equality and Diversity Council</p> <p>4. Census results for diversity and inclusion reflect a positive shift in the perceptions of all employees, and employees from specific diversity groups</p>
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 8; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Partially Achieved</i></b></p> <p>The APSC has undertaken a range of activity with the intent to improve the perceptions of all employees, and while not able to fully demonstrate this achievement as the Census was not conducted at the time of this report, key achievements include:</p> <ul style="list-style-type: none"> <li>• The draft <i>Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024</i> was reviewed by the Secretaries' Equality and Diversity Council (SEDC) on 4 October 2019 and endorsed by the Prime Minister on 28 February 2020 prior to its launch on 1 July 2020. The Strategy represents the Commonwealth's continued contribution as an employer to the "Closing the Gap" agenda.</li> <li>• The APSC, in collaboration with the Department of Social Services, has developed a whole-of-APS Strategy for the purpose of increasing recruitment and retention and creating an inclusive and accessible environment for people with disability. The <i>APS Disability Employment Strategy 2020–2025</i> Framework was endorsed by the SEDC on 7 February 2020.</li> <li>• The Commission established a cross-agency project team to develop a refreshed APS Gender Equality Strategy. The project is co-sponsored by the Commission and the Office for Women. The new strategy will build upon an evaluation of the previous strategy, lived experience, feedback and broad consultation.</li> </ul> <p><b><i>Partially Achieved</i></b></p> <p>The 2020 APS Census was delayed to October 2020 due to COVID-19, as such Census data to evidence a positive shift in perceptions is not available. However, initiatives have been undertaken to increase the positive shift in perceptions related to diversity and inclusion across the APS including for specific diversity groups; culturally and linguistically diverse, people with disability, Aboriginal and Torres Strait Islander and LGBTI+.</p>

Table 5: Workplace Relations

<b>Performance Measure</b>	Shape the APS Workforce
<b>Area of Focus</b>	Workplace Relations
<b>Approach</b>	Partner with agencies to achieve compliance with the Government's bargaining policies Support agencies to improve their workplace relations skills and performance
<b>Target</b>	100% of new agreements made are compliant with Government policy
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 8; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b><i>Achieved</i></b> 100% of new agreements made were compliant with Government Policy. Feedback from agencies was positive about the timeliness and quality of advice.

## STRATEGIC PRIORITY TWO: lifting the capability of the APS

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In the 2019–20 Corporate Plan, the Commission set out the need for a systematic, service-wide approach to lifting people's capability to improve the overall performance of the APS for today and the future. The Commission aimed to utilise international best practice and focus on the professionalisation of APS roles.

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Under Strategic Priority Two, four focus areas illustrated the Commission's work to lift the capability of the APS. The areas of focus included workforce strategy, data and research, workplace relations and learning and development.

Of the seven targets set for 2019–20 five were achieved and two were not achieved.

### Performance Analysis

#### Workforce Strategy

The Government's response to the Independent Review of the APS asked the Commissioner to deliver an APS-wide Workforce Strategy in 2020. The Commissioner was tasked with ensuring a number of the recommendations from the Review will be picked up in the Strategy. This altered the original delivery date of December 2019.

In the first half of 2020, the Commission has been developing a draft Workforce Strategy that will reflect the Government's response and address workforce management lessons learned from responding to the COVID-19 pandemic. These lessons include the need for actions to support flexible working, remote management, and to facilitate rapid deployment of staff across the APS and to other public sectors. The Workforce Strategy will be finalised in the second half of 2020.

The Leading Digital Transformation program (now called Leading in a Digital Age) was developed in collaboration with the Digital Transformation Agency (DTA) and industry experts. The program has been popular over the past 3 years and has recently undergone a re-design to support virtual interactive delivery.

#### Data and Research

The Commission maintains comprehensive data sets representative of the APS workforce including personal, employment, remuneration, and diversity and education information for all current and former APS employees. APS agencies and other interested stakeholders continue to regularly access data and research from the Commission's website and from [data.gov.au](https://data.gov.au).

Similar to last financial year, in 2019–20 the Commission received 252 requests for workforce data and actioned 90 per cent within five days. The Commission also produced 24 research insights into topics such as culture and APS reform, and understanding segments of the APS workforce (e.g., service delivery, HR, data and digital).

Data collected by the Commission supported the development of the Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2024, and the reviews of the APS Gender Equality Strategy 2016–2019 and the APS Disability Employment Strategy 2016–2019. The APS workforce data and research insights also informed the work of senior departmental committees and networks such as the Secretaries Board, the COO Committee, the Deputy Secretaries Data Group and the SES Indigenous Network. Reports providing analysis of demographic data and remuneration data are published biannually and annually respectively. This data also feeds into the annual State of the Service Report.

In March 2020, the Secretaries Board agreed to postpone the APS Employee Census from its usual annual deployment timeframes of May–June due to the impacts of COVID-19 on the APS workforce. As such, there are no updated response rates from those reported last year. The APS Employee Census will now be delivered in October 2020 and reshaped to focus on working differently, mobility, support and wellbeing to better capture APS workforce responses to the COVID-19 pandemic.

In response to the 2019 APS agency survey, almost all agencies (>95 per cent) reported utilising workforce data or products to develop and assess workforce policies and practices. This included remuneration, HR, and employee opinion data.

### **Workplace Relations**

The Workplace Relations Group conducted six capability small group sessions attended by Commonwealth workplace relations and human resource practitioners. A roadshow was delivered in Melbourne presenting a number of these sessions to practitioners unable to travel to attend sessions based in Canberra. Due to social distancing restrictions, face-to-face sessions have not been run during 2020 but planning is in progress to move to a digital platform in the new financial year.

A survey of participants showed that the significant majority of respondents found the content relevant and helpful in their role within the Commonwealth. Respondents were also interested in participating in the program in the future.

## Learning and Development

The Centre for Leadership and Learning continued to offer a range of programs across common capability areas for all APS staff. These included programs aimed at:

- APS staff early in their career, such as Understanding Government and APS Ethics and Values
- Specific APS skill sets, such as Crafting a New Policy Proposal or Producing a Quality Cabinet Submission
- APS team leaders, such as Working in Teams and Performance Management
- Middle managers, like the Management in Action program
- Senior Executives, such as Band 1 and Band 2 Leadership programs.

For the first half of 2019–20, programs were delivered face-to-face. In March 2020, the COVID-19 restrictions required a rapid redesign of these programs to allow participants to join remotely using online platforms. Since March, over 35 programs across the suite of management and core skills have been transitioned to online, with the first delivery on 5 May 2020.

In addition, since March 2020, seven of the nine programs in the leadership development suite have been transitioned to online delivery, including Band 1 and Band 2 Leadership Development, SES Orientation and EL2 Leadership Expansion. The Leading Digital Transformation program which was developed in collaboration with the DTA and industry experts, has also recently undergone a re-design to support virtual interactive delivery.

The APS Graduate Development program (GDP) offered by the APSC was also transitioned to online delivery. Prior to March 2020, this annual program relied on face to face delivery over a tight eight month schedule of workshops and simulations. In response to COVID-19 restrictions, the course was adapted to use multiple platforms (GovTEAMS, email, and telephone) and learning strategies (pre-recorded webinars, self-paced work and activities) so that all graduates could be included in the learning from wherever they were located, and regardless of their technology options. As part of the Government response to COVID-19, two thirds of the graduates enrolled in the GDP were seconded to other agencies as part of the 'surge' workforce. The program was adapted again to ensure the interruption to the learning was managed by offering extra activities and coaching to support the graduates. In June, all graduates returned to the program and were again supported through a series of bridging activities that capitalise on the experience of being a part of the 'surge' workforce. This experience has also counted toward the graduates' assessment for completion of GDP 2020.

The APSC also developed or sourced a range of learning resources that all APS staff could access, at any time and in any place including videos, articles and eLearning modules.

In addition to the development programs outlined above, Jawun Indigenous Secondment opportunities were transitioned from place-based to virtual secondments. In a virtual secondment, secondees provide 100 hours of contribution to a specific project with an Indigenous organisation (based on a minimum of 2 days per week over 6 weeks) from their home or usual workplace. Feedback from the initial pilot in June 2020 has been very positive and indicates that the outcomes of the program—APS employees using their skills and expertise to support Indigenous organisations to achieve their goals, and in turn, building a deeper understanding of Indigenous Australia, as well as improving their own personal and professional effectiveness—are being maintained across the new online approach. The virtual secondments are also allowing for the participation of APS staff who are unable to travel to one of the Jawun regions for a 6 week onsite placement.

Taken together, these additional resources, virtual delivery of programs, and more flexible approaches to learning have expanded the opportunity for participation and capability building for APS staff—regardless of where they are based.

**Table 6: Workforce Strategy**

<b>Performance Measure</b>	Build workforce capability in the APS
<b>Area of Focus</b>	Workforce Strategy
<b>Approach</b>	Plan workforce development for a future-fit APS Build digital capability in the APS by partnering with the Digital Transformation Agency Gather and analyse workforce-related data
<b>Target</b>	5. Strategy is endorsed by Secretaries Board by the end of 2019 6. Feedback from building digital capability program shows a positive shift in capability
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 9; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b>Not Achieved</b> The Workforce Strategy was not endorsed by the end of 2019. The timeframe for the development of the APS Workforce Strategy was adjusted to ensure alignment with recommendations made in the 2019 Independent Review of the APS and the Australian Government's response to the Review.  <b>Achieved</b> Feedback from participants in the Leading Digital Transformation Program indicated strong results across all metrics, including a 61 point increase in capability across 9 cohorts and 160 participants in 2019.



**Table 7: Data and Research**

<b>Performance Measure</b>	Build workforce capability in the APS
<b>Area of Focus</b>	Data and Research
<b>Approach</b>	Plan workforce development for a future-fit APS Build digital capability in the APS by partnering with the Digital Transformation Agency Gather and analyse workforce-related data
<b>Target</b>	7. Our data is regularly used to develop and assess workforce policies and practices 8. We respond to >85 per cent of data requests within five days 9. APS Employee Census response rates remain high
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 9; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b>Achieved</b></p> <p>Over 95 per cent of agencies in the APS Agency Survey reported regularly using APSC workforce data to develop and assess workforce policies and practices.</p> <p><b>Achieved</b></p> <p>During 2019–20, the Strategic Policy and Resource Group responded to 90 per cent of data requests within five days.</p> <p><b>Not Achieved</b></p> <p>In March 2020, the Secretaries Board agreed to postpone the 2020 APS Employee Census until October 2020 due to COVID-19 impacts on the APS workforce, therefore the APS Employee Census response rate target is not available for this reporting period.</p>

Table 8: Workplace Relations

<b>Performance Measure</b>	Build workforce capability in the APS
<b>Area of Focus</b>	Workplace Relations
<b>Approach</b>	Plan workforce development for a future-fit APS Build digital capability in the APS by partnering with the Digital Transformation Agency Gather and analyse workforce-related data
<b>Target</b>	Evaluation data indicates a positive shift in agencies' workplace relations capability
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 9; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b><i>Achieved</i></b> Feedback from agencies indicates an increase in capability of Workplace Relations practitioners.

Table 9: Learning and Development

<b>Performance Measure</b>	Build workforce capability in the APS
<b>Area of Focus</b>	Learning and development
<b>Approach</b>	Plan workforce development for a future-fit APS Build digital capability in the APS by partnering with the DTA Gather and analyse workforce-related data
<b>Target</b>	Evaluation data from learning and development programs indicates a positive shift in capability
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 9; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b><i>Achieved</i></b> Performance metrics across the suite of learning and development programs delivered by the APSC show strong results. All programs showed positive shifts in capability for participants.

## STRATEGIC PRIORITY THREE: building the leadership for the future

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In the 2019–20 Corporate Plan, the Commission set out that it would build leadership for the future. The Commission highlighted the need to have empowered and accountable leaders in the APS to set the tone and direction for the future. The Commission aimed to build leadership for the future by managing Senior Executive Service (SES) succession planning, career pathways, diversity, mobility, talent identification and recruitment.

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Under Strategic Priority Three, two focus areas illustrated the Commission's work to build leadership for the future. The areas of focus included leadership development and talent management.

Of the two targets set for 2019–20 both were achieved.

### Performance Analysis

#### Leadership development

APS Leadership development programs for EL2 and SES levels continued to show strong results during the year. Two programs were in a refresh process when COVID-19 required a rapid review of delivery methods of these and the broader suite of leadership programs. Providing a virtual online method of access is now allowing APS EL2s and SES who are located outside Canberra to develop their capability without leaving their home state.

Participant feedback is positive in terms of the learner experience and the value of virtual online learning, with comments from participants about how they value the opportunity to discuss issues openly with colleagues, and that they are pleasantly surprised at how easily this happens in a virtual classroom. They have also noted the importance of creating time to focus on leadership, especially at this challenging time—having dealt with the immediate crisis of the COVID-19 pandemic and now moving to a period where recovery and a longer term view is needed. This year's experience has highlighted that in designing online learning, creating opportunities for people to connect and engage is critical.

## **Talent management**

On behalf of the APS, the APSC supports the Secretaries Talent Council (STC) and Deputy Secretaries Talent Council (DSTC) to manage Senior Executive Service (SES) talent processes and build a stronger and more diverse leadership pipeline for the future. The Commission provides support to the Councils through strategic advice, design and management of assessment and development processes working in partnership with external experts, and secretariat support.

### **Secretaries Talent Council**

In 2019–20, the STC continued its key work overseeing assessment and development of SES Band 2s and SES Band 3s with high potential, and extended its assessment program to include capability assessments of all Band 3 employees. The Council also commenced the design of an APS-wide approach to succession management for the most senior roles. The succession management approach will support the longer-term development of the leadership pipeline, and in July 2020 was endorsed at the Secretaries Retreat. Assessment and development continued for 18 SES Band 3 employees in the fifth assessment round with a short extension in the assessment period to respond to emerging pressures created by COVID-19. The STC continued to support the development of SES Band 3s through a number of events.

### **Deputy Secretaries Talent Council**

In 2019–20, the Deputy Secretaries Talent Council (DSTC) continued its key work and managed the largest ever talent assessment and development process for senior executives across the APS in its fifth round, including 35 SES Band 1s and 38 SES Band 2s. In addition, the DSTC continued to support the development of a pool of high potential SES through coaching and mentoring, the Intensive Leadership Development Program and a number of engagement events. In addition, the Commission supported the DSTC to induct four new members to continue this work.

### **Executive Level 2 Program**

The Commission finalised the Executive Level 2 (EL2) pilot program on behalf of the APS, which will support agencies to identify and develop talented EL2 officers. These resources will be available to agencies in 2020.

## Performance Summary

**Table 10: Leadership Development**

<b>Performance Measure</b>	Strengthen leadership in the APS
<b>Area of Focus</b>	Leadership Development
<b>Approach</b>	Strengthen leadership and core capabilities by providing contemporary learning solutions
<b>Target</b>	Evaluation data from leadership development initiatives indicates a positive shift in capability
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 10; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Achieved</i></b></p> <p>Performance metrics across the suite of leadership programs delivered by the APSC show strong results. All programs showed positive shifts in capability for participants, ranging from 17 to 61 percentage point positive shifts.</p>

**Table 11: Talent Management**

<b>Performance Measure</b>	Strengthen leadership in the APS
<b>Area of Focus</b>	Talent Management
<b>Approach</b>	Strengthen leadership and core capabilities by providing contemporary learning solutions
<b>Target</b>	Feedback from Talent Councils indicates they are supported to operate effectively
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 10; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Achieved</i></b></p> <p>The Centre for Leadership and Learning continued to support the work of both the Secretaries and Deputy Secretaries Talent Councils building a strong and diverse leadership pipeline.</p> <p>Feedback from the Chairs of the Talent Councils is positive and indicates the Commission is continuing to provide appropriate support for the effective operation of the Talent Councils.</p> <p>In 2019–20, the Secretaries Talent Council added a new member, continued the assessment of all Band 3 senior executive officers, and commenced consideration for an APS-wide approach to succession management. In 2019–20, the Deputy Secretaries Talent Council added four new members and continued assessment and development of SES Band 1 and SES Band 2 senior executives.</p>

## STRATEGIC PRIORITY FOUR: providing stewardship of the APS

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In the 2019–20 Corporate Plan, the Commission set out that it would provide stewardship of the APS by providing a voice for the service, within the APS, across Australia and Internationally. The Commission set out to highlight the APS success and leadership domestically and internationally.

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Under Strategic Priority Four, three focus areas illustrated the Commission's work to provide stewardship of the APS. The areas of focus included Communication, State of the Service Report and International.

Of the five targets set for 2019–20 three were achieved and two were partially achieved.

### Performance Analysis

#### Communication

During 2019–20, the Commission focussed on improving the information architecture and content of its website, to ultimately improve the experience of those who engage with the Commission via the website.

Towards the end of March 2020, the Commission created a page on its website, dedicated to housing COVID-19 related messages and resources, relevant to the APS. This saw a marked increase in traffic to the website. For example, on 30 March 2020, the day after the Commissioner released updated guidance on working from home arrangements for APS employees, more than 20,000 users visited the website. This is an increase of more than 450 per cent compared to an average day.

In addition to its own social media accounts, the Commission manages social media accounts on behalf of the APS (Twitter, LinkedIn and Facebook). These accounts were in their infancy at the start of the 2019–20 financial year, and have grown exponentially since. The objective of the APS social media accounts, since their inception, has been to share stories of success, innovation and change across the APS.

During COVID-19, this channel has become more important than ever. It has allowed the Commission to share stories featuring APS employees who have been mobilised as part of the surge workforce, and APS agencies that have had to adapt their operating model as a result of COVID-19.

## State of the Service Report

The State of the Service Report 2018–19 was tabled in both houses of Parliament on 26 November 2019 and made available on the Commission's website. Findings were informed by the annual APS agency survey and APS Employee Census, as well as the APS Employment Database under two broad themes: culture and capability.

Interest, reach and satisfaction levels otherwise remained on par with previous years with insights from the State of the Service Report receiving widespread media coverage and commentary in November 2019. In response to the 2019 APS agency survey, 80 per cent of APS agencies reported using the State of the Service Report to develop and assess workforce policies and practices. Throughout February and March 2020, key themes from the State of the Service Report were also presented across the service at a series of roadshow events. Events scheduled in Victoria and Tasmania did not proceed due to COVID-19 impacts.

## International

The Commission continued to engage with counterparts in ASEAN, Indonesia and Papua New Guinea as part of the DFAT funded Australian aid program. This program was expanded during 2019–20 to include greater engagement with the Pacific and Malaysia. The Commission partnered with other APS agencies, including the DTA and the Australian Taxation Office (ATO), in the delivery of a number of program activities.

Engagement with the Pacific Public Service Commissioners' Conference as it has transitioned to the Public Service Fono and Fale has also been a focus for the Commission's international program.

A highlight for the period was a visit to Thailand by the Commissioner for the 3<sup>rd</sup> ASEAN Heads of Civil Service Retreat. This served as the launch pad for the Commission's engagement with ASEAN.

Additionally, as the APS embarks on a period of significant reform, the Commission continues to look to best practice and lessons learned internationally. This has included knowledge sharing with New Zealand, Singapore, the United Kingdom and the Organisation for Economic Co-operation and Development (OECD) during 2019–20.

Travel restrictions and a domestic focus during COVID-19 significantly impacted the Commission's international work during the second half of 2019–20. Where possible, activities and engagement occurred via videoconference with a particular focus on COVID-19 response and recovery.

## Performance Summary

**Table 12: Communication**

<b>Performance Measure</b>	Provide the voice of the APS
<b>Area of Focus</b>	Communication
<b>Approach</b>	Promote emerging practice, pilot new approaches and provide feedback and support
<b>Target</b>	10. Number of hits and length of time on our website increases 11. Number of social media interactions increases
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 11; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b>Partially Achieved</b></p> <ul style="list-style-type: none"> <li>The number of users of the Commission's website has increased by 302,821 (28.57%).</li> <li>The average session length of users has decreased by 20 seconds (12.67%) from 2:38 minutes per session to 2:18 minutes per session—which is potentially the result of improving the information architecture and content on the website.</li> </ul> <p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>The number of followers across the Commission's social media platforms has increased by 5,782 (59.89%).</li> <li>The number of followers across the Australian Public Service social media platforms has increased by 18,856 (220.31%).</li> </ul>

**Table 13: State of the Service Report**

<b>Performance Measure</b>	Provide the voice of the APS
<b>Area of Focus</b>	State of the Service Report
<b>Approach</b>	Promote emerging practice, pilot new approaches and provide feedback and support
<b>Target</b>	Commentary associated with the report's release and website hits indicate influence of the report
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 11; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b>Achieved</b></p> <p>The State of the Service Report has been accessed online more than 15,000 times since its release in November 2019, demonstrating sustained and a comparable level of interest against the previous year.</p>



**Table 14: Provide the Voice of the APS—International**

<b>Performance Measure</b>	Provide the voice of the APS
<b>Area of Focus</b>	International
<b>Approach</b>	Promote emerging practice, pilot new approaches and provide feedback and support
<b>Target</b>	<p>12. Programs deliver on outcomes as agreed with the Department of Foreign Affairs and Trade</p> <p>13. Requests from international partners to share information on policies and practices increase</p>
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 11; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Partially Achieved</i></b></p> <p>We continued to deliver on agreed activities with counterparts in Indonesia, Papua New Guinea and Singapore and commenced engagement with ASEAN and Malaysia. We continued our engagement with the OECD and high level engagement with counterparts with New Zealand and across the Pacific.</p> <p>Work against the planned program was significantly impacted during the second half of 2019–20 by COVID-19. Restrictions on travel and the focus on supporting our respective public services respond to COVID-19 resulted in numerous activities being postponed or cancelled. Where possible we adapted to deliver activities through videoconferencing.</p> <p><b><i>Achieved</i></b></p> <p>Despite disruptions to planned international engagements, information sharing with international partners on policies and practices did increase compared to last year. For example, there were 18 information sharing activities as part of the Commission's DFAT funded programs in 2019–20 compared to 6 activities in the previous year.</p>

## STRATEGIC PRIORITY FIVE: upholding the integrity of the APS

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In the 2019–20 Corporate Plan, the Commission describes how the principles of good public administration are at the heart of the public confidence in the way the APS exercises authority when meeting government objectives. The Commission committed to uphold the integrity of the APS by communicating what it means to be a public servant and to be vigilant in identifying and addressing integrity issues.

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Under Strategic Priority Five, two focus areas illustrated the Commission's work to uphold the integrity of the APS. The areas of focus included Integrity Advice and APS values.

Of the two targets set for 2019–20 one was achieved and one was partially achieved.

### Performance Analysis

#### Integrity Advice

In this period, the APSC continued to deliver advice and guidance on ethical matters in the APS through provision of the Ethics Advisory Service. Levels of use of this service were consistent with the previous financial year.

New Guidance was released in October 2019 in relation to declaration of gifts and benefits received by agency heads, and a specialised inbox established to provide advice on this Guidance. This inbox was well-utilised by agencies seeking specific advice on implementation of the reporting requirements under the new Guidance.

The APS Commissioner continued his role of chairing the Integrity Agencies Group (IAG), an agency-head-level forum that leads coordination, enhancement and promotion of institutional integrity in the APS. In December 2019, the IAG settled new Terms of Reference and governance arrangements, published on the public-facing APSC website. The new governance arrangements include publication on the APSC website of key outcomes of each IAG meeting. The IAG also welcomed a new member in December 2019, with the Human Rights Commissioner joining this forum.

#### APS Values

As the APS Census was not completed within usual timeframes in light of COVID-19, Census evaluation data is not available. However, the number and nature of inquiries raised through the Ethics Advisory Service remained consistent with previous years. Additionally, commentary through wide consultation indicates that professional obligations with respect to APS Values are understood. As part of the APSC's

implementation of government commitments to reinforce APS integrity, the APSC met with all Secretaries, a number of Agency Heads, senior officials and APS staff to discuss integrity in their agencies and in the APS generally. These consultations indicated that levels of compliance with the Code of Conduct remain high across the service, and that understanding of the role of pro-integrity culture is increasing.

## Performance Summary

**Table 15: Integrity Advice**

<b>Performance Measure</b>	Promote a high standard of integrity in the APS
<b>Area of Focus</b>	Integrity Advice
<b>Approach</b>	Uphold the highest standards of stewardship and integrity Skilfully lead reform
<b>Target</b>	Publications, networks, and other support services are regularly used across the APS
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 12; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b><i>Achieved</i></b>  The APSC is driving initiatives to strengthen pro-integrity culture across the APS, which has involved meeting with all Secretaries, a number of Agency Heads, senior officials and APS staff to discuss their approach to, and understanding of, integrity in the APS. The APSC will continue to drive pro-integrity culture in the next financial year and beyond.

**Table 16: APS Values**

<b>Performance Measure</b>	Promote a high standard of integrity in the APS
<b>Area of Focus</b>	APS Values
<b>Approach</b>	Uphold the highest standards of stewardship and integrity Skilfully lead reform
<b>Target</b>	Evaluation data indicates managers and employees understand their professional obligations as APS employees
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 12; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<b><i>Partially Achieved</i></b>  As APS Census was not completed within usual timeframes in light of COVID-19, specific evaluation data is not available. However, training on APS Ethics and Values continued to be delivered throughout 2019–20, with self-reported capability increasing from pre to post training. Together with the initiatives to strengthen pro-integrity culture outlined above, there is confidence that professional obligations with respect to APS Values are understood.

## STRATEGIC PRIORITY SIX: providing the right tools and workplace for our staff

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In the 2019–20 Corporate Plan, the Commission highlighted that it is a professional organisation of people with strong technical and specialist skills. The Commission emphasised it would invest in providing the right tools and workplace culture for our staff which would enable our staff to provide excellence in service and advice.

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Under Strategic Priority Six, three focus areas illustrated the Commission's work to provide the right tools and workplace for our staff. The areas of focus included Workforce and Environment, Governance and Digital Strategy.

Of the four targets set for 2019–20 one was achieved, one was partially achieved, and two were not achieved.

### Performance Analysis

#### Workforce and environment

##### Workforce Plan

It was identified that a more detailed Workforce Strategy was required to mature the foundations required for effective workforce planning, the draft Workforce Strategy 2020–21 (the Strategy) consultation commenced in early 2020. Following analysis of data and information from 2019, input from areas across the Commission was sought including from APS Workforce Strategy, Engagement and International Group, and the Strategy Policy and Research Groups drawing on the expertise of the organisation.

This consultation, along with validation workshops and testing of the consultation version of the Strategy with key senior officers across the Commission has informed the development of a Workforce Strategy that will allow the Commission to evolve and adapt to change in the business and operational environments, whilst maintaining a focus on the highest value objectives.

The Strategy was endorsed by the Executive Committee in July 2020 and submitted for approval by the Executive Board in early August 2020.

## Financial Strategy

The Financial Strategy was drafted during 2019–20 however it was not finalised as it was recognised that a broader strategic resource framework was required. Despite the strategy not being finalised, significant work occurred during the financial year to provide the Commission with greater budget certainty—providing a financial benefit to the Commission.

During 2020–21, the Commission will develop the broader strategic resource framework.

## Governance

During 2019–20, focus on developing and implementing the governance processes, to improve transparency and accountability within the Commission was a priority. This ensured that governance processes were compliant with the *Public Governance, Performance and Accountability Act 2013*.

By the end of January 2020, a fit-for-purpose committee structure had been implemented with clear terms of reference for committees, along with the establishment of a Governance Section within the Enabling and Digital Services Group, and Internal Audit arrangements had been reviewed. Establishing the Governance Section assisted to progress and implement action items from the Governance Improvement Plan.

The Governance Improvement Plan contained 48 actions. The Governance Section has implemented 27 action items to improve governance processes. Three of the action items are ongoing operational matters. Implementation of the Governance Improvement Plan was temporarily paused from March and June 2020 due to team members being seconded to Services Australia to assist with workforce surge requirements and redirected internally to support the COVID-19 response. While not all actions were completed within the original timeframes, key improvements have been implemented from the Governance Improvement Plan to create a fit-for-purpose governance framework that delivers greater accountability and transparency while supporting the Commission to deliver on a significant set of priorities.

By the end of June 2020, strong performance measures had been developed that articulate what success looks like for the year ahead, new risk management procedures had been created and implemented, clear organisation performance expectations had been set and strong internal communication around governance practices had been created.

## Digital Strategy

The APSC Capability Review findings and recommendations emphasised the need to improve governance to accelerate digital maturity and continue to refine planning, resource management and prioritisation frameworks. This will increase transparency in decision making and create a shared understanding of the business planning process.

The Digital Technology Data Investment and Prioritisation Framework was endorsed by the Executive Board in June 2020. This Framework will help to drive change, deliver against priorities and improve governance across the Commission.

The Framework is supported by a policy and tools to plan for the future as well as ensure investments in digital, technology and data services are aligned to the Government commitments, APS reform agenda and APSC priorities.

## Performance Summary

**Table 17: Workforce and environment**

<b>Performance Measure</b>	Be an employer of Choice in a competitive marketplace
<b>Area of Focus</b>	Workforce and Environment
<b>Approach</b>	Develop plans and strategies to address our workforce challenges and opportunities, and support more flexible ways of working
<b>Target</b>	14. Workforce Plan developed by the end of 2019 15. Financial Strategy endorsed by mid-2020
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 13; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b>Not achieved</b></p> <p>During development of the Commission's Workforce Plan, it was identified that a more detailed Workforce Strategy was required to mature the foundations required for effective workforce planning. The Workforce Strategy was in draft, and consultation commenced in early 2020. Progress on the Workforce Strategy was delayed due to resources being redirected to support the public service response to COVID-19.</p> <p><b>Not achieved</b></p> <p>The Financial Strategy was drafted during the financial year however it was not finalised as it was identified that a broader strategic resource framework was required. Effort was redirected to achieve this more strategic outcome.</p>

**Table 18: Governance**

<b>Performance Measure</b>	Be an employer of Choice in a competitive marketplace
<b>Area of Focus</b>	Governance
<b>Approach</b>	Develop plans and strategies to address our workforce challenges and opportunities, and support more flexible ways of working
<b>Target</b>	Governance Improvement Plan endorsed by the end of 2019
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 13; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Achieved</i></b></p> <p>The Governance Improvement Plan was developed by the end of 2019 and was endorsed by the Executive Board on 20 January 2020.</p> <p>The APSC Capability Review contained a large number of findings and recommendations for governance, in the Commission. The Governance Improvement Plan incorporated these recommendations, as well as those made through an Internal Audit Report, to ensure the Commission is compliant with the <i>Public Governance, Performance and Accountability Act 2013</i>.</p>

**Table 19: Digital Strategy**

<b>Performance Measure</b>	Be an employer of Choice in a competitive marketplace
<b>Area of Focus</b>	Digital Strategy
<b>Approach</b>	Develop plans and strategies to address our workforce challenges and opportunities, and support more flexible ways of working
<b>Target</b>	Digital Strategy endorsed by mid-2020
<b>Source</b>	Australian Public Service Commission Corporate Plan 2019–2020, p 13; 2019–20 Prime Minister and Cabinet Portfolio Budget Statements p. 139
<b>Performance Achieved</b>	<p><b><i>Partially Achieved</i></b></p> <p>The Digital Technology Data Investment and Prioritisation Framework was endorsed by the Executive Board in June 2020.</p> <p>This foundational Framework was recognised as essential to provide a strong governance link between emerging related pieces of work, including the Resource Framework. The Framework provides a pragmatic policy and supporting tools to plan for the future as well as ensure investments in digital, technology and data services are aligned to the Government commitments, APS reform agenda and APSC priorities.</p>

## Financial Performance

This section summarises the Commission's financial performance during 2019–20. More detail is available in Part 4, which contains the independent auditor's report, and Commission's audited financial statements for the financial year ending 30 June 2020.

### Funding

The Commission's activities are funded through a combination of appropriation, Memorandum of Understanding (MOU) and fee for service revenue. Revenue is generated through the sale of leadership programs, learning and development courses, employment services and international capacity building programs. Most of this revenue is earned in a competitive market in which agencies choose the source and level of the services they purchase.

In 2019–20, the Commission received additional funding for APS Reform activities, and through a contribution from another agency to assist the Commission to support the APS response to COVID-19. Without the additional funding, it is likely the Commission would have incurred a loss. This is due to the impact of COVID-19, with reduced revenue caused by the cessation of face to face learning activities and the postponement of international capacity-building programs, and additional expenses to support the APS response to COVID-19.

### Departmental Activities

The 2019–20 operating surplus is \$0.7 million. The operating result is higher than last financial year.

Appropriation funding increased in 2019–20. This change is mainly due to funding provided over two years for APS reform activities (\$2.8 million in 2019–20).

Non appropriation funding increased in 2019–20. This is mainly due to the one off contribution from another agency, which offset reduced revenue due to COVID-19.

The following tables provide types of appropriation and proportion for this financial year and the past two years.

**Table 20: Total income, by source, 2017–18 to 2019–20**

Source	2017–18 (\$ million)	2018–19 (\$ million)	2019–20 (\$ million)
Appropriation	22.8	21.3	23.1
Non-appropriation	20.9	22.5	23.9
<b>Total</b>	<b>43.7</b>	<b>43.8</b>	<b>47.0</b>



**Table 21: Proportion of total income, by source, 2017–18 to 2019–20**

Source	2017–18 (per cent)	2018–19 (per cent)	2019–20 (per cent)
Appropriation	52.2	48.7	49.2
Non-appropriation	47.8	51.3	50.8

### Activities Administered on behalf of the Australian Government

The Commission's administered program facilitates the payment of judicial office holders' remuneration, allowances and entitlements. The Commission receives special appropriations for the program, from which the Attorney-General's Department makes payments.

Payments for 2019–20 amounted to \$4.2 million, compared with \$4.1 million in 2018–19. Payments made are reported in note 4.1c of the Commission's financial statements.

Further financial information is included in Part 4.

Part three

# Management and accountability



## Corporate governance

Predicted outcomes and anticipated use of resources are set out in the Portfolio Budget Statements 2019–20. Actions designed to deliver the outcomes are detailed in the Corporate Plan 2019–20 and group business plans.

The Executive Board provides strategic oversight and support for the Commissioner. It considers and advises on business, operational and policy strategies for the Commission.

Axiom Associates was contracted to provide internal auditing services for the Commission in 2019–20. During the 2019–20 financial year, three internal audits were conducted and completed on the Governance Framework; the Annual Statement of Performance; and Management of Cyber Security Risks. An audit of the Management of Data and Privacy Management Arrangements was commenced in June 2020.

### Compliance and accountability

An annual review of the Commission's compliance with the financial management and accountability framework was conducted. The results of the review confirmed that the Commission's internal control environment is operating effectively. No significant non-compliance was detected.

The Commission also has an ongoing process of reviewing internal human resource policies to ensure they are consistent with best practice and contemporary human resource management principles.

### Ethical standards

The Commission supports a culture of strong commitment to the APS Values and Code of Conduct and ensures this is reflected in the Commission's day-to-day work. All new employees at the Commission receive clear guidance about expectations in this regard.

### Control environment

The Commission has a robust control environment in place. The control framework includes the Accountable Authority Instructions, finance procedures and delegations and authorisations.

The framework includes regular review of the controls.

The Commission maintains a fraud control framework comprising the Fraud Control Plan 2019–21 supported by the Fraud Risk Assessment and Analysis Report 2019–21. The framework was last updated in May 2019 and will be reviewed and updated in early 2021.

Consistent with previous years, the Commission maintains appropriate fraud prevention, detection, investigation, reporting and data collection procedures. The Commission also enhances fraud awareness in the staff induction process, and through fraud e-learning.

There were no instances of fraud in 2019–20. All fraud risks were assessed and appropriate controls were in place.

## Audit and Risk Management Committee

### Overview:

The Australian Public Service Commissioner (the Commissioner) established the Audit and Risk Management Committee (the ARMC) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of PGPA Rule. The full charter for the ARMC is available from the Commission's website:

<https://www.apsc.gov.au/audit-and-risk-management-committee-charter>

The ARMC's role is to provide independent advice to the Commissioner, consistent with the mandatory requirements outlined above. The ARMC also provides assurance on external accountability requirements. It is not responsible for the executive management of these functions.

The ARMC is assisted by the Commission's internal audit function. This function is responsible for delivering an internal audit program in line with the ARMC's guidance, and subject to approval by the Commissioner. The ARMC exercises a governance role in relation to the Commission's internal audit function.

Consistent with the current requirements of the PGPA Act, membership consists of three external and one internal member. Members of the ARMC will bring their own knowledge, experience and skills and do not represent any particular interest or part of the Commission.

### External Membership:

#### Ms Carol Lilley (Chair)

Ms Lilley is an independent board director and chair or member of a number of Commonwealth Government audit committees. She was a partner at PricewaterhouseCoopers and has over 20 years' experience in financial statement audit, internal audit, and project and risk management, with a particular focus on government.

Ms Lilley holds a Bachelor of Commerce from the University of Western Australia. She is a graduate of the Australian Institute of Company Directors, a Fellow of Chartered Accountants Australia and New Zealand, and a certified internal auditor, and was a registered company auditor.

Ms Lilley attended all of the four meetings held during 2019–20. She took over the role of Chair for the last 3 meetings of the year. Ms Lilley was remunerated a total of \$17,820 (including GST) for the 2019–20 year.

#### **Ms Maria Storti (Member)**

Ms Storti serves as an independent member of a number of Commonwealth Government entities' audit committees and is a non-executive director. She was a partner at Ernst & Young Advisory and has worked with PricewaterhouseCoopers in the areas of audit, consultancy and risk. She has over 30 years of experience in financial management and has also held senior executive roles in various sectors, including government.

Ms Storti is a Fellow of the Chartered Accountants Australia and New Zealand, a Fellow of the Australian Institute of Company Directors, and a member of the Australian Institute of Internal Auditors and holds a Masters in Business Administration and a degree in economics.

Ms Storti attended all of the four meetings held during 2019–20. Ms Storti was remunerated a total of \$12,500 (including GST) for the 2019–20 year.

#### **Mr Paul Smith (Member)**

Mr Smith is an independent management consultant and an independent member for a number of Commonwealth Government entities' Audit Committees including the Department of the Prime Minister and Cabinet. He has experience in operating in executive committee roles across all facets of consulting organisations, including strategy, operations, and compliance. He also has over 35 years' experience in financial management and ICT consulting to public sector, commercial, and not-for-profit organisations. Mr Smith has been a Partner in professional consulting firms for over 21 years and is currently Managing Director of Narrung Consulting Pty Ltd, a social enterprise management consulting firm.

Mr Smith's qualifications include Bachelor of Commerce (ANU); Fellow, CPA Australia; Senior Certified Professional, Australian Computer Society; and Graduate Member, Australian Institute of Company Directors.

Mr Smith attended two out of the four meetings held during 2019–20. Mr Smith was remunerated a total of \$5,000 (including GST) for the 2019–20 year.

**Mr Jeff Lamond PSM (Former Chair)**

Mr Lamond has substantial experience (seven years) as CEO of small company and 34 years public service employment including 13 years at the Senior Executive Service. Mr Lamond served as a Statutory Office Holder as the APS Merit Protection Commissioner for six and a half years. He has managed his own consultancy since 2008 covering employment, values and ethics and personnel policy. For 10 years, Mr Lamond has served as Internal Ombudsman in two agencies addressing personnel, entitlements and management issues. He has substantial experience with audit, having chaired or sat as independent member on 7 audit and risk committees for a range of Australian Government Agencies.

Mr Lamond holds formal economics and accounting qualifications and a graduate qualification in legal studies.

Mr Lamond attended the one of the four meetings held during 2019–20. He ceased as Chair of the ARMC after the first meeting of the year. Mr Lamond was remunerated a total of \$3,089 (including GST) for the 2019–20 year.

**Internal Membership:****Mr Marco Spaccavento (Member)**

Mr Spaccavento is Group Manager Workplace Relations, since 2016. He has been an employee of the APSC since 2010. Mr Spaccavento is experienced in the development and application of Government policy, public sector management, and internal agency administration matters. He holds a Bachelor of Commerce from the University of Sydney.

Mr Spaccavento attended one out of the four meetings held during 2019–20. As Mr Spaccavento is an internal member, he is not provided additional remuneration for his role within the ARMC.

**Ms Caroline Walsh (Former Member)**

Ms Walsh is Group Manager of the Inclusion Group at the Commission. She holds a Bachelor of Arts and Laws (Hons) and was admitted as solicitor to the Supreme Court of the ACT. She has been a public servant for over 20 years and has held senior executive roles in Federal and State governments covering policy, service delivery and regulation.

Ms Walsh attended two out of the four meetings held during 2019–20. As Ms Walsh is an internal member, she is not provided additional remuneration for her role within the ARMC.

## External scrutiny

No Auditor-General's reports on the operations of the Commission were produced during the reporting year. Similarly, no reports were produced by parliamentary committees, the Commonwealth Ombudsman or the Australian Information Commissioner.

No judicial decisions or decisions of administrative tribunals in 2019–20 had a significant impact on operations.

The Commission's ARMC provides independent advice to the Commissioner on the appropriateness of the Commission's accountability and control framework, including in relation to the Commission's financial and performance reporting.

### Capability Review

The Commission initiated an independent capability review to better understand how well placed is the organisation to meet current and future challenges and how to best position itself for the future. The Review was timely and was valuable in assessing the Commission's strengths and areas of focus, ahead of the challenges experienced in 2020.

## Human resources management

### Staff Management

At 30 June 2020, the Commission had an average staffing level (ASL) of 210 employees.

The majority (92 per cent) of the workforce is based in Canberra.

Of the Commission's workforce, 70 per cent are women, 82 per cent work full-time, and 92 per cent are ongoing employees. Women make up 85 per cent of the part-time workforce.

Appendix B provides detailed information about the workforce.

### Succession Planning

In 2019–20, the Commission considered future staffing and capability requirements and engaged in strategic planning related to workforce matters. Of the 20 per cent of current ongoing employees who might elect to retire now or in the coming five years, the majority are at the Executive Level.

Recruitment activity in 2019–20 continued to focus on filling positions that directly contributed to the Commission's ability to achieve its strategic goals. The Commission continued to use streamlined recruitment advertising and selection processes designed to identify the best applicants in a fair, transparent and efficient manner.

In 2019–20, the Commission again implemented a Graduate Program to attract and develop graduates with skills and qualifications aligned with the strategic priorities. The Commission engaged six graduates this year and participated in whole of government APS graduate recruitment models, for the HR Profession, Data Profession and Generalist streams, to attract and develop graduates with specialist skill sets.

### **Leave Management**

Average use of personal leave with pay—including sick, carers and emergency leave—was 12.9 days per full-time-employee (FTE) in 2019–20. This compares with 10.9 days in 2018–19. The increase is attributed to a small number employees with long term personal leave requirements.

### **Workforce Diversity**

In 2019–20, the strong record in workforce diversity was maintained. The Commission has strategies and action plans in operation related to Aboriginal and Torres Strait Islander peoples, disability and carers and gender equality. The Commission also has employee networks for: Disability and Carers (DCN), LGBTQ+, Gender Equality (GE) and Indigenous Australians' (the Walan-ma-rra Olgeta Network).

### **Reconciliation Action Plan**

Guided by the leadership of the Indigenous Champion, the Commission conducted a range of activities to support its commitment to reconciliation. These were facilitated by the Reconciliation Action Plan (RAP) Working Group, which has representation from across the organisation.

The RAP Working Group continued to implement the strategic vision of its Innovate RAP by delivering on key actions. This included building cultural capability through the Cultural Awareness e-learning and the Core Cultural Learning: Aboriginal and Torres Strait Islander Australia Foundation course presented by the Australian Institute of Aboriginal and Torres Strait Islander Studies. The RAP Working Group continued to building greater relationships through activities such as participation in the NAIDOC Touch Football competition and a bushfood event.

The Commission continues to promote respect for Aboriginal and Torres Strait Islander peoples and cultures in the workplace, using Acknowledgement of Country for significant meetings, flying the Aboriginal and Torres Strait Islander flags and incorporating bespoke contemporary Indigenous Australian artwork into the office.

The Commission recognised National Reconciliation Week in 2020, through a number of virtual activities to boost awareness, understanding and respect for Indigenous



Australian cultures. This included, a self-guided walking tour of Reconciliation Place, the video series (produced by the Department of the Prime Minister and Cabinet) titled: In this Together, and the Share Our Pride video introduced by Dr Tom Calma AO, Co-Chair of the Senior Advisory Group of the Indigenous Voice co-design process. In the Share Our Pride video, Dr Calma took viewers through an engaging online program offering a range of resources aimed to build understanding of the richness and diversity of Indigenous cultures.

With the launch of the new Commonwealth Aboriginal and Torres Strait Islander Workforce Strategy 2020–2025, the RAP Working Group is focused on aligning activities and outcomes for the Commission to the broader strategic objectives, particularly to support the role of the Commission as steward and thought-leader in this space.

Remuneration

The Commission’s remuneration framework and terms and conditions of employment consist of an enterprise agreement for non-SES officers and section 24(1) determinations under the Act for SES officers. Table 22 details these arrangements.

The Australian Public Service Commission Enterprise Agreement 2018–21 remained in effect. Officers received an increment increase on the 12 month anniversary of 7 November 2019. In accordance with the Determination announced on 9 April 2020, the Commission will defer a wage increase scheduled for 7 November 2020, to support the Australian economic financial recovery.

Seven non-SES officers at the Commission had individual flexibility arrangements in place during 2019–20

Table 22: SES and Non-SES Employment Arrangements 2019–20 as at 30 June 2020

	SES	Non-SES	Total*
Section 24(1) Determination	13	0	13
Enterprise Agreement	0	204	204
Individual Flexibility Agreement	0	7	7
<b>Total</b>	<b>13</b>	<b>211</b>	<b>224</b>

\*Statutory Office Holders have been excluded from this table

Table 23 shows the salary ranges available for the Commission’s classification levels.

No performance pay provisions were in operation for employees. The Commission provided non-salary benefits—including salary packaging, leased motor vehicles and airline lounge memberships—for a limited number of employees.

**Table 23: Salary ranges, by classification 2018–19 to 2019–20**

Classification	2017–18 (\$'000)	2018–19 (\$'000)	2019–20 (\$'000)
APS 1–2	43–55	43–57	44–58
APS 3–4	58–69	58–70	59–72
APS 5	71–78	71–80	73–82
APS 6	81–88	81–90	84–93
EL 1	99–114	99–116	102–119
EL 2	125–140	125–143	128–146

### Executive Remuneration

Table 24 and 25 detail information relating to the remuneration of SES officers and other key personnel for 2019–20.

**Table 24: Information about remuneration for key management personnel 2019–20**

Name and position title	Short term benefits			Post employment benefits	Other long term benefits		Termination benefits	Total remuneration
	Base Salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long term benefits		
Peter Woolcott Australian Public Service Commissioner	\$664,283	–	\$32,032	\$78,316	\$28,813	–	–	\$803,444
Mary Wiley–Smith Deputy Public Service Commissioner	\$349,144	–	\$29,961	\$63,348	\$7,234	–	–	\$449,687
Richard Bartlett First Assistant Commissioner	\$268,315	–	\$27,967	\$49,625	\$10,274	–	–	\$356,181
Linda Waugh Merit Protection Commissioner	\$253,840	–	\$58	\$21,168	\$7,003	–	–	\$282,069
<b>Total</b>	<b>\$1,535,582</b>	<b>–</b>	<b>\$90,018</b>	<b>\$212,457</b>	<b>\$53,324</b>	<b>–</b>	<b>–</b>	<b>\$1,891,381</b>

NOTE: The numbers are based upon accrual accounting and may include some accrual adjustments. Acting arrangements of less than 3 months are excluded from the above table.

**Table 25: Senior Executive Remuneration, 2019–20**

Total remuneration bands	Number of staff	Short term benefits			Post employment benefits	Other long term benefits		Termination benefits	Total remuneration
		Average Base Salary	Average Bonuses	Average other benefits and allowances	Average superannuation contribution	Average long service leave	Average other long term benefits	Average termination benefits	Average total remuneration
0–\$220,000	10	\$102,588	–	\$12,015	\$18,803	\$2,783	–	–	\$136,189
\$245,001–\$270,000	3	\$191,086	–	\$25,917	\$35,411	\$6,434	–	–	\$258,848
\$270,001–\$295,000	1	\$201,399	–	\$25,917	\$36,943	\$7,782	–	–	\$272,041
\$295,001–\$320,000	1	\$219,322	–	\$25,917	\$38,470	\$13,744	–	–	\$297,453

NOTE: Some of the figures are impacted by the duration of service of Senior Executives. The numbers are based upon accrual accounting and may include some accrual adjustments.

**Acting arrangements of less than 3 months are excluded from the above table.**

## Performance Management

The Commission enhanced the ‘Taking Time to Talk’ performance management approach, with increased emphasis and guidance for managers. This includes incorporating regular feedback into team communication and constructing meaningful performance conversations. This support information for employees and managers is centralised on the Commission’s Intranet and promoted at key times during the performance cycle.

## Australia Day Awards

The 2020 APSC Australia Day Achievement Awards recognise and honour our staff who have made significant contributions towards the success of our strategic priorities or have demonstrated personal behaviours and leadership that are a visible representation of the Commission’s values and culture. Four teams and two individuals received awards for their outstanding work and dedicated service: Phoebe Morrison, Mel Bryant, the APS Jobs Project Team, Workplace Relations Policy Team, Capability Review Team and Social Club Team.

## Assets management

In 2019–20, the Commission managed non-financial assets (excluding prepayments) with a gross value of \$19.4 million. The increase in value of assets is due to the recognition of long term office leases as right of use assets (gross value of \$10.0m). All assets owned, including IT assets, are subject to a stocktake to verify the accuracy of records. Assets are depreciated at rates applicable to the asset class.

## Purchasing

Purchasing is made in accordance with the Commonwealth Procurement Rules. Guidance is provided to staff through the purchasing guide, and the Accountable Authority Instructions. The Commission has a framework for managing the risks inherent in procurement activity, as well as operational guidelines to support staff in assessing the risks associated with their projects. The Commission published its procurement plan for 2019–20 on the AusTender website, at [www.tenders.gov.au](http://www.tenders.gov.au)

No contracts of \$100,000 or more (inclusive of GST) were entered into during 2019–20 that did not provide for the Auditor-General to have access to the contractor's premises.

## Consultants

The Commission engaged consultants when the expertise sought was not available internally or when independent advice was required. Decisions to engage consultants are made in accordance with the *Public Governance, Performance and Accountability Act 2013* and related requirements, including the Commonwealth Procurement Rules, and other internal policies.

During 2019–20, the Commission entered into 24 new consultancy contracts involving total expenditure of \$0.2 million. This compares with 23 new contracts totalling \$0.8 million in 2018–19. A total of 9 ongoing consultancy contracts were active during 2018–19, involving total actual expenditure of \$0.4 million, compared with 13 ongoing contracts totalling \$0.1 million in 2018–19.

Information on the value of contracts and consultancies is available through the AusTender website.

**Table 26: Expenditure on Consultancy Contracts 2018–19 and 2019–20**

Year	Number of new contracts let	Number of ongoing contracts that were active	Total actual expenditure on new contracts (\$'000)	Total actual expenditure on ongoing contracts that were active (\$'000)	Total actual expenditure on contracts (\$'000)
2018–19	23	13	838	149	987
2019–20	24	9	232	438	670

### Exempt Contracts

The Commissioner may direct that contracts not be reported on the AusTender website if they are subject to an exemption under the *Freedom of Information Act 1982* or if the Commissioner considers the information is genuinely sensitive and harm is likely to be caused by its disclosure. No exemptions were issued during 2019–20.

### Small Business

The Commission supports small businesses' participation in the Australian Government procurement market. Participation statistics for small and medium enterprises and small enterprises for 2019–20 are available on the Department of Finance website, at [www.finance.gov.au](http://www.finance.gov.au)

The Commission adopted two specific practices to support procurement from small and medium enterprises:

- use of the Commonwealth Contracting Suite for low risk procurements valued under \$200,000; and
- use of payment cards for purchases up to \$10,000 to facilitate on time payment.

## Outlook for 2020–21

The Commission has revised its strategic priorities for 2020–21. The priorities were developed by looking to 2023 and beyond, in the context of unprecedented change in the APS coupled with changing expectations from government and the Australian community.

The Corporate Plan 2020–21 sets out these strategic priorities and deliverables, as well as primary activities and measures, for the period 2020–21 to 2022–23. The plan states that the Commission's purpose is 'to position the APS workforce for the future to ensure it meets the demands and expectations of the Australian Government and people'. The Corporate Plan 2020–21 can be accessed on the Commission's website, [www.apsc.gov.au](http://www.apsc.gov.au)

### Budget Outlook

Departmental appropriation revenue will increase from \$23.1 million in 2019–20 to \$34.2 million in 2020–21. This is the result of:

- A transfer of ongoing appropriation funding of \$11.8 million from agencies for items that were previously funded via memorandums of understanding. This change will ensure a stable and financially sustainable financial position for the Commission.
- A reduction of \$0.2 million in the temporary APS reform implementation funding, from \$2.8 million in 2019–20 to \$2.6 million in 2020–21.
- The conclusion of the temporary budget funding for building digital capability in partnership with the DTA, decreasing from \$0.3 million in 2019–20.

Administered payments for the Judicial Office Holders' Remuneration and Entitlements Program were budgeted to increase slightly at \$4.3 million in 2020–21.

Part four

# Financial statements



## 2019–20 Financial statements—contents

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister Assisting the Prime Minister for the Public Service and Cabinet

#### Opinion

In my opinion, the financial statements of the Australian Public Service Commission (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Australian Public Service Commissioner and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Entity, the Australian Public Service Commissioner (the Commissioner) is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Commissioner is also responsible for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are 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 National Audit Office 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office 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 statements, 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority'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 Entity'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 statements 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 Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority 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.

Australian National Audit Office



Lorena Skipper  
Executive Director

Delegate of the Auditor-General

Canberra  
23 September 2020

**Australian Public Service Commission**

**Statement by the Australian Public Service Commissioner  
and Chief Financial Officer**

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Public Service Commission will be able to pay its debts as and when they fall due.

A handwritten signature in blue ink, appearing to read 'Peter Woolcott', with a long, sweeping horizontal line extending to the right.

Peter Woolcott AO  
Australian Public Service Commissioner  
23 September 2020

A handwritten signature in blue ink, appearing to read 'Nick Adamson', with a stylized 'N' and 'A'.

Nick Adamson CPA  
Chief Financial Officer  
23 September 2020

**Australian Public Service Commission**  
**Statement of Comprehensive Income**  
*for the period ended 30 June 2020*

		2020	2019	2020
	Notes	\$'000	\$'000	Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1a	29,418	26,297	27,155
Suppliers <sup>1</sup>	1.1b	13,513	17,338	15,191
Depreciation and amortisation <sup>1</sup>	3.2a	3,154	1,583	1,803
Finance costs <sup>1</sup>	1.1c	103	5	5
Impairment loss on financial instruments	1.1d	2	4	-
Write-down and impairment of other assets	1.1e	-	860	-
Losses from asset sales		55	26	-
<b>Total expenses</b>		<b>46,245</b>	<b>46,113</b>	<b>44,154</b>
<b>Own-source Income</b>				
<b>Own-source revenue</b>				
Revenue from contracts with customers	1.2a	23,571	22,416	22,095
Resources received free of charge	1.2b	43	41	41
<b>Total own-source revenue</b>		<b>23,614</b>	<b>22,457</b>	<b>22,136</b>
<b>Gains</b>				
Reversal of write-downs and impairment	1.2c, 3.2a	253	-	-
<b>Total gains</b>		<b>253</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>		<b>23,867</b>	<b>22,457</b>	<b>22,136</b>
<b>Net cost of services</b>		<b>(22,378)</b>	<b>(23,656)</b>	<b>(22,018)</b>
Revenue from Government	1.2d	23,070	21,299	20,353
<b>Surplus/(Deficit) on continuing operations</b>		<b>692</b>	<b>(2,357)</b>	<b>(1,665)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus	3.2a, 3.5a	107	(203)	-
<b>Total other comprehensive income</b>		<b>107</b>	<b>(203)</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>799</b>	<b>(2,560)</b>	<b>(1,665)</b>

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

1. The initial application of *AASB 16 Leases* is detailed in the Overview. The APSC adopted the modified retrospective approach and 2019 comparatives were not restated.

**Australian Public Service Commission**  
**Statement of Comprehensive Income**  
*for the period ended 30 June 2020*

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**Budget variances commentary**

**Statement of Comprehensive Income**

The following commentary provides high level narrative of major variances for the APSC between 2020 actuals and budget information published in the 2019-20 Portfolio Budget Statements.

**Expenses**

Employee benefits are \$2,263,000 higher than budget due to higher employee levels and a reduction in the long-term bond rate leading to an increase in the value of employee leave provisions.

Depreciation and amortisation is \$1,351,000 higher than budget and Suppliers are \$1,678,000 lower than budget as the 2019-20 budget did not include the estimated impact due to the adoption of *AASB 16 Leases*. The budget estimates were updated to reflect this standard in the subsequent budget rounds.

**Income**

Revenue from Government is \$2,717,000 higher than budget as the APSC received funding for Australian Public Service Reform Implementation.

Revenue from contracts with customers is \$1,476,000 higher than budget due to a one-off contribution by another government entity.

**Gains**

Reversal of write-downs and impairment is \$253,000 higher than budget due to a revaluation increment to Buildings in 2020 which reversed a previous impairment of Buildings in 2017. The remainder of the revaluation increment was recognised in other comprehensive income.

**Australian Public Service Commission**  
**Statement of Financial Position**  
*as at 30 June 2020*

		2020	2019	2020
	Notes	\$'000	\$'000	Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1a	1,097	933	750
Trade and other receivables	3.1b	17,890	16,960	16,752
<b>Total financial assets</b>		<b>18,987</b>	<b>17,893</b>	<b>17,502</b>
<b>Non-financial assets</b>				
Buildings <sup>1</sup>	3.2a	13,663	5,119	4,740
Plant and equipment <sup>1</sup>	3.2a	1,760	2,155	1,029
Intangibles	3.2a	518	635	1,606
Prepayments paid	3.2b	362	477	561
<b>Total non-financial assets</b>		<b>16,303</b>	<b>8,386</b>	<b>7,936</b>
<b>Total assets</b>		<b>35,290</b>	<b>26,279</b>	<b>25,438</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3a	3,295	4,140	4,304
Unearned income	3.3b	4,051	5,899	5,795
Other payables	3.3c	857	312	-
<b>Total payables</b>		<b>8,203</b>	<b>10,351</b>	<b>10,099</b>
<b>Interest bearing liabilities</b>				
Leases <sup>1</sup>	3.4a	8,599	-	-
<b>Total interest bearing liabilities</b>		<b>8,599</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>				
Employee provisions	5.1a	8,607	7,622	7,164
Provision for restoration	3.5a	244	250	255
<b>Total provisions</b>		<b>8,851</b>	<b>7,872</b>	<b>7,419</b>
<b>Total liabilities</b>		<b>25,653</b>	<b>18,223</b>	<b>17,518</b>
<b>Net assets</b>		<b>9,637</b>	<b>8,056</b>	<b>7,920</b>
<b>EQUITY</b>				
Contributed equity		2,973	2,562	2,975
Asset revaluation reserve		667	560	763
Retained surplus		5,997	4,934	4,182
<b>Total equity</b>		<b>9,637</b>	<b>8,056</b>	<b>7,920</b>

**Australian Public Service Commission**  
**Statement of Financial Position**  
*as at 30 June 2020*

	2020	2019
	\$'000	\$'000
<b>Aggregate assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	19,318	18,422
More than 12 months	15,972	7,857
<b>Total assets</b>	<b>35,290</b>	<b>26,279</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	13,233	12,950
More than 12 months	12,420	5,273
<b>Total liabilities</b>	<b>25,653</b>	<b>18,223</b>

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

1. Right-of-use assets are included in both Buildings and Plant and equipment. The initial application of *AASB 16 Leases* is detailed in the Overview. The APSC adopted the modified retrospective approach and 2019 comparatives were not restated.

**Budget Variances Commentary**

**Statement of Financial Position**

**Non-Financial Assets**

Buildings are \$8,923,000 higher than budget and Leases are \$8,599,000 higher than budget as the 2019-20 budget did not include the estimated balances due to the adoption of *AASB 16 Leases*. The budget estimates were updated to reflect this standard in the subsequent budget rounds.

Intangibles are \$1,088,000 lower than budget due to an impairment of software in 2019 that reduced the opening balance of intangibles, that was not reflected in the budget.

**Liabilities**

Unearned income is \$1,744,000 lower than budget due to a reduction in forward bookings for training due to the impact of COVID-19.

Suppliers are \$1,009,000 lower than budget as the budget included operating lease rental payable which was derecognised due to adopting *AASB 16 Leases*. The budget estimates were updated to reflect this standard in the subsequent budget rounds.

**Australian Public Service Commission**  
**Statement of Changes in Equity**  
*for the period ended 30 June 2020*

	2020	2019	2020
	\$'000	\$'000	Budget \$'000
<b>CONTRIBUTED EQUITY</b>			
Opening balance	2,562	2,151	2,562
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	411	411	413
<b>Closing balance as at 30 June</b>	<b>2,973</b>	<b>2,562</b>	<b>2,975</b>
<b>RETAINED EARNINGS</b>			
Opening balance	4,934	7,291	5,847
Adjustment on initial application of AASB 16	371	-	-
<b>Adjusted opening balance</b>	<b>5,305</b>	<b>7,291</b>	<b>5,847</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	692	(2,357)	(1,665)
<b>Closing balance as at 30 June</b>	<b>5,997</b>	<b>4,934</b>	<b>4,182</b>
<b>ASSET REVALUATION RESERVE</b>			
Opening balance	560	763	763
<b>Comprehensive income</b>			
Other comprehensive income <sup>1</sup>	107	(203)	-
<b>Closing balance as at 30 June</b>	<b>667</b>	<b>560</b>	<b>763</b>
<b>TOTAL EQUITY</b>			
Opening balance	8,056	10,205	9,172
Adjustment on initial application of AASB 16	371	-	-
<b>Adjusted opening balance</b>	<b>8,427</b>	<b>10,205</b>	<b>9,172</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	692	(2,357)	(1,665)
Other comprehensive income	107	(203)	-
<b>Total comprehensive income</b>	<b>799</b>	<b>(2,560)</b>	<b>(1,665)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	411	411	413
<b>Total transactions with owners</b>	<b>411</b>	<b>411</b>	<b>413</b>
<b>Closing balance as at 30 June</b>	<b>9,637</b>	<b>8,056</b>	<b>7,920</b>

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

1. The asset revaluation reserve increment of \$107,000 in 2020 (2019: a decrement of \$203,000) comprises of a net asset revaluation increment of \$97,000 (2019: a decrement of \$203,000) and a decrease to the provision for restoration of \$10,000 (2019: nil).



**Australian Public Service Commission**  
**Statement of Changes in Equity**  
*for the period ended 30 June 2020*

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**Accounting policy**

Equity injections

Amounts appropriated which are designated as Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**Australian Public Service Commission**  
**Cash Flow Statement**  
*for the period ended 30 June 2020*

		2020	2019	2020
	Notes	\$'000	\$'000	Budget
				\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		27,089	24,700	20,353
Sale of goods and rendering of services		22,709	22,588	22,095
GST received		1,445	1,465	1,604
Other cash received		1,111	1,864	290
<b>Total cash received</b>		<b>52,354</b>	<b>50,617</b>	<b>44,342</b>
<b>Cash used</b>				
Employees		29,245	27,928	27,155
Suppliers		14,123	19,149	16,709
Interest payments on lease liabilities		99	-	-
Section 74 receipts transferred to OPA		5,000	2,500	-
Other cash used		817	445	-
<b>Total cash used</b>		<b>49,284</b>	<b>50,022</b>	<b>43,864</b>
<b>Net cash from operating activities</b>		<b>3,070</b>	<b>595</b>	<b>478</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		-	25	-
<b>Total cash received</b>		<b>-</b>	<b>25</b>	<b>-</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		1,700	169	266
Purchase of intangibles		153	500	625
<b>Total cash used</b>		<b>1,853</b>	<b>669</b>	<b>891</b>
<b>Net cash used by investing activities</b>		<b>(1,853)</b>	<b>(644)</b>	<b>(891)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		411	411	413
<b>Total cash received</b>		<b>411</b>	<b>411</b>	<b>413</b>
<b>Cash used</b>				
Principal payments of lease liabilities		1,464	-	-
<b>Total cash used</b>		<b>1,464</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>		<b>(1,053)</b>	<b>411</b>	<b>413</b>
<b>Net increase/(decrease) in cash held</b>		<b>164</b>	<b>362</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		933	571	750
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1a	<b>1,097</b>	<b>933</b>	<b>750</b>

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

**Australian Public Service Commission****Cash Flow Statement***for the period ended 30 June 2020***Budget Variances Commentary****Cash Flow Statement****Operating cash received**

Appropriations are \$6,736,000 higher than budget mainly as a result of Section 74 receipts transferred to OPA which are \$5,000,000 higher than budget. Section 74 receipts that are above agreed working cash balance limits are deposited to the Official Public Account (OPA) and then redrawn as required. Additional appropriation funding was received for Australian Public Service Reform Implementation.

**Operating cash used**

Employees are \$2,090,000 higher than budget due to higher employee levels than budget.

Suppliers are \$2,586,000 lower than budget and Principal payments of lease liabilities are \$1,464,000 higher than budget as the adoption of *AASB 16 Leases* was not included in the budget. Lease payments are now disclosed as either Interest payments on lease liabilities in the operating activities or as Principal payments of lease liabilities in financing activities. The budget estimates were updated to reflect this change in the subsequent budget rounds.

**Investing cash used**

Purchase of property, plant and equipment is \$1,434,000 higher than budget due to the payment for equipment that was accrued as at 30 June 2019 and an office refit that occurred during 2020.

**Australian Public Service Commission**  
**Administered Schedule of Comprehensive Income**  
*for the period ended 30 June 2020*

		2020	2019	2020
	Notes	\$'000	\$'000	Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	2.1a	<b>4,203</b>	4,140	4,230
<b>Total expenses</b>		<b>4,203</b>	4,140	4,230
<hr/>				
<b>Net cost of services</b>		<b>(4,203)</b>	(4,140)	(4,230)
<hr/>				
<b>Total comprehensive loss</b>		<b>(4,203)</b>	(4,140)	(4,230)

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

**Budget Variances Commentary**

**Administered Schedule of Comprehensive Income**

There are no major budget variances.

**Australian Public Service Commission  
Administered Reconciliation Schedule**

	Notes	2020 \$'000	2019 \$'000
<b>Opening assets less liabilities as at 1 July</b>		-	-
<b>Net cost of services</b>			
Expenses			
Payments to entities other than corporate Commonwealth entities		(4,203)	(4,140)
<b>Transfers from the Australian Government</b>			
Appropriation transfers from Official Public Account			
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	4.1c	4,203	4,140
<b>Closing assets less liabilities as at 30 June</b>		-	-

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

**Accounting policy**

*Administered cash transfers to and from the Official Public Account*

Revenue collected by the APSC for use by the Government rather than the APSC is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the APSC on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

**Australian Public Service Commission**  
**Administered Cash Flow Statement**  
*for the period ended 30 June 2020*

	2020 \$'000	2019 \$'000	2020 Budget \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash used</b>			
Employees	4,203	4,140	4,230
<b>Total cash used</b>	4,203	4,140	4,230
<b>Net cash used by operating activities</b>	(4,203)	(4,140)	(4,230)
<b>Cash from Official Public Account</b>			
Appropriations	4,203	4,140	4,230
<b>Total cash from Official Public Account</b>	4,203	4,140	4,230
<b>Cash and cash equivalents at the end of the reporting period</b>	-	-	-

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

**Budget Variances Commentary**

**Administered Cash Flow Statement**

There are no major budget variances.

## Australian Public Service Commission Notes to the financial statements

### Overview

#### Objective of the APSC

The APSC is an Australian Government controlled entity and is a not-for-profit entity. The objective of the APSC is to position the APS workforce for the future.

#### The basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the operating result or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

#### COVID-19 impact

The COVID-19 pandemic has had an impact on the APSC's activities. A number of staff were seconded to and were received from other Australian Government entities to assist with the COVID-19 response. No major outlays to date were required to deal with the impact and there was a small reduction in revenue from contracts with customers. Management has assessed that there was no impact on the fair value of non-financial assets or recoverability of receivables.

#### New accounting standards

The APSC has adopted all of the new and revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period.

The impact of accounting standards *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-For-Profit Entities* and *AASB 16 Leases* to the APSC's financial statements is described below.

**Australian Public Service Commission**  
**Notes to the financial statements**

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<p><i>AASB 15 Revenue from Contracts with Customers / AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities and AASB 1058 Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective on 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the existing revenue recognition guidance relevant to the APSC (<i>AASB 118 Revenue</i>). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of <i>AASB 1004 Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
<p><i>AASB 16 Leases</i></p>	<p>AASB 16 became effective on 1 July 2019. This new standard has replaced <i>AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities

The APSC adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under the various applicable AASBs and related interpretations.



## Australian Public Service Commission

### Notes to the financial statements

Under the new income recognition model the APSC shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the APSC applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the APSC shall consider whether AASB 1058 applies.

In relation to AASB 15, the APSC elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The APSC is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

There was no impact on transition and there were no financial statement line items affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15 and AASB 1058.

#### Application of AASB 16 Leases

The APSC adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

The APSC elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The APSC applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date and
- Apply the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the APSC previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the APSC recognises right-of-use assets and lease liabilities for most leases. However, the APSC has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the APSC recognised right-of-use assets and lease liabilities in relation to leases of office space and motor vehicles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the APSC's incremental borrowing rate as at 1 July 2019. The APSC's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.1%.

## Australian Public Service Commission

### Notes to the financial statements

The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- b) All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

#### Impact on transition

On transition to AASB 16, the APSC recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019 \$'000
<b>Departmental</b>	
Right-of-use assets - property, plant and equipment	10,063
Lease liabilities	10,063
Operating lease rentals payable	(371)
Retained earnings	371

The following table reconciles the Departmental minimum lease commitments disclosed in the APSC's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 \$'000
<b>Departmental</b>	
Minimum operating lease commitment at 30 June 2019	10,452
Less: short-term leases not recognised under AASB 16	-
Less: low value leases not recognised under AASB 16	-
Plus: effect of extension options reasonable certain to be exercised	-
<b>Undiscounted lease payments</b>	<b>10,452</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	389
<b>Lease liabilities recognised at 1 July 2019</b>	<b>10,063</b>

#### Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

#### Taxation

The APSC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

## **Australian Public Service Commission**

### **Notes to the financial statements**

#### **Reporting of administered activities**

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

#### **Events after the reporting period**

There were no subsequent events that had the potential to affect the ongoing structure and financial activities of the APSC for either departmental or administered activities.

**Australian Public Service Commission**  
**Notes to the financial statements**

**NOTE 1: DEPARTMENTAL FINANCIAL PERFORMANCE**

This section analyses the financial performance of the APSC for the year ended 2020.

**Note 1.1: Expenses**

	2020	2019
	\$'000	\$'000
<b>Note 1.1a: Employee benefits</b>		
Wages and salaries	22,186	19,874
Superannuation		
Defined contribution plans	2,116	1,882
Defined benefit plans	1,976	1,920
Leave and other entitlements	2,978	2,536
Separation and redundancies	162	85
<b>Total employee benefits</b>	<b>29,418</b>	<b>26,297</b>

**Accounting policy**

The accounting policy for employee related expenses is contained in note 5.1 Employee provisions.

**Note 1.1b: Suppliers**

**Goods and services supplied or rendered**

Consultants	512	1,049
Contractors	6,508	8,179
Travel	577	903
Venue hire and catering	991	1,119
Training	286	300
Information and communications technology	3,765	2,759
Facilities expense	135	199
Other goods and services	579	748
<b>Total goods and services supplied or rendered</b>	<b>13,353</b>	<b>15,256</b>

**Other suppliers**

Operating lease rentals <sup>1</sup>	-	1,622
Short-term leases	12	-
Workers compensation expenses	148	460
<b>Total other suppliers</b>	<b>160</b>	<b>2,082</b>
<b>Total suppliers</b>	<b>13,513</b>	<b>17,338</b>

1. The APSC has applied AASB 16 using the modified retrospective approach and therefore the comparative information presented for 2019 has not been restated and continues to be reported under AASB 117.

The APSC has one short-term lease commitment as at 30 June 2020.

**Australian Public Service Commission**  
**Notes to the financial statements**

The above lease disclosures should be read in conjunction with the accompanying notes 3.2a and 3.4a.

**Accounting Policy**

*Short-term leases and leases of low-value assets*

The APSC has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The APSC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020 \$'000	2019 \$'000
<b>Note 1.1c: Finance costs</b>		
Interest on lease liabilities	99	-
Unwinding of discount	4	5
<b>Total impairment on financial instruments</b>	<b>103</b>	<b>5</b>
 <b>Note 1.1d: Impairment loss on financial instruments</b>		
Impairment on trade and other receivables	2	4
<b>Total impairment on financial instruments</b>	<b>2</b>	<b>4</b>
 <b>Note 1.1e: Write-down and impairment of other assets</b>		
Impairment on intangible assets	-	860
<b>Total write-down and impairment of other assets</b>	<b>-</b>	<b>860</b>

**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 1.2: Own-source revenue**

	2020	2019
	\$'000	\$'000
<b><u>Own-source revenue</u></b>		
<b>Note 1.2a: Revenue from contracts with customers</b>		
Sale of goods	-	2
Rendering of services	23,571	22,414
<b>Total revenue from contracts with customers</b>	<b>23,571</b>	<b>22,416</b>
<b>Disaggregation of revenue from contracts with customers</b>		
Type of customer:		
Australian Government entities (related parties)	23,265	22,220
State and Territory Governments	293	150
Non-government entities	13	46
<b>Total</b>	<b>23,571</b>	<b>22,416</b>

**Accounting policy**

Revenue from the sale of goods is recognised when control has been transferred to the buyer and the APSC retains no managerial involvement nor effective control over the goods.

The principal activities from which the APSC generates its rendering of services revenue are:

- providing learning and development and other services to customers and
- conducting activities on behalf of customers.

The APSC's customers are principally other Australian Government entities.

Revenue is recognised as services are provided to the customer or activities are performed on behalf of the customer. Revenue is recognised progressively as the service is provided or the activity is conducted.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed. Services and activities unperformed as at the reporting date are disclosed as a Payable under note 3.3b unearned income.

The transaction price is the total amount of consideration to which the APSC expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The practical expedient in AASB 15.121 is applied in the APSC's financial statements as services and activities are primarily provided within 12 months of the service being invoiced. All consideration from contracts with customers is included in the transaction price.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period.

Allowances are made when the collectability of the debt is no longer probable.

**Australian Public Service Commission**  
**Notes to the financial statements**

	2020	2019
	\$'000	\$'000
<b>Note 1.2b: Resources received free of charge</b>		
Audit services	43	41

**Accounting policy**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

**Gains**

**Note 1.2c: Reversal of write-downs and impairment**

Revaluation increments	253	-
<b>Total reversals of previous asset write-downs and impairment</b>	<b>253</b>	<b>-</b>

**Revenue from Government**

**Note 1.2d: Revenue from Government**

**Appropriations**

Departmental appropriations	23,070	21,299
<b>Total revenue from Government</b>	<b>23,070</b>	<b>21,299</b>

**Accounting policy**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the APSC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Australian Public Service Commission  
Notes to the financial statements

**NOTE 2: EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT**

This section analyses the activities that the APSC does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

**Note 2.1: Administered - expenses**

**Note 2.1a: Employee Benefits**

	2020	2019
	\$'000	\$'000
<b>Employee benefits</b>		
Wages and salaries	4,203	4,140
<b>Total employee benefits</b>	<u>4,203</u>	<u>4,140</u>



**Australian Public Service Commission**  
**Notes to the financial statements**

**NOTE 3: DEPARTMENTAL FINANCIAL POSITION**

This section analyses the APSC's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section, Note 5.

**Note 3.1: Financial assets**

**Note 3.1a: Cash and cash equivalents**

	2020	2019
	\$'000	\$'000
Cash on hand or on deposit	1,097	933
<b>Total cash and cash equivalents</b>	<b>1,097</b>	<b>933</b>

**Accounting policy**

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- cash on hand and
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

**Note 3.1b: Trade and other receivables**

<b>Trade and other receivables</b>		
Goods and services	2,207	1,983
Appropriation receivable	15,439	14,458
GST receivable from the Australian Taxation Office	250	523
<b>Total trade and other receivables (gross)</b>	<b>17,896</b>	<b>16,964</b>
Less impairment loss allowance - Goods and services	(6)	(4)
<b>Total trade and other receivables (net)</b>	<b>17,890</b>	<b>16,960</b>

Credit terms for goods and services are within 30 days (2019: 30 days).

**Accounting policy**

Trade receivables that are held for the purpose of collecting the contractual cash flows, where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Australian Public Service Commission  
Notes to the financial statements

**Note 3.2: Non-financial assets**

**Note 3.2a: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles**

	Buildings	Plant and equipment	Computer software	Other intangibles - Intellectual property	Total
2020	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>					
Gross book value	6,465	2,155	3,264	64	11,948
Accumulated depreciation, amortisation and impairment	(1,346)	-	(2,629)	(64)	(4,039)
<b>Total as at 1 July 2019</b>	<b>5,119</b>	<b>2,155</b>	<b>635</b>	<b>-</b>	<b>7,909</b>
Recognition of right-of-use asset on initial application of AASB 16	10,046	17	-	-	10,063
<b>Adjusted total as at 1 July 2019</b>	<b>15,165</b>	<b>2,172</b>	<b>635</b>	<b>-</b>	<b>17,972</b>
Additions – by purchase	580	76	172	-	828
Revaluations and impairments recognised in other comprehensive income	97	-	-	-	97
Revaluations recognised in net cost of services	253	-	-	-	253
Depreciation and amortisation	(807)	(418)	(289)	-	(1,514)
Depreciation on right-of-use assets	(1,625)	(15)	-	-	(1,640)
Disposals	-	(55)	-	-	(55)
<b>Total as at 30 June 2020</b>	<b>13,663</b>	<b>1,760</b>	<b>518</b>	<b>-</b>	<b>15,941</b>
<b>Total as at 30 June 2020 represented by</b>					
Gross book value	15,288	2,177	1,911	64	19,440
Accumulated depreciation, amortisation and impairment	(1,625)	(417)	(1,393)	(64)	(3,499)
<b>Total as at 30 June 2020</b>	<b>13,663</b>	<b>1,760</b>	<b>518</b>	<b>-</b>	<b>15,941</b>
Carrying amount of right-of-use assets	8,421	2	-	-	8,423

## Australian Public Service Commission

### Notes to the financial statements

#### Note 3.2a continued

Property, plant and equipment and intangibles were assessed for impairment as at 30 June 2020. No property, plant and equipment and intangibles were assessed as impaired (2019: Software with a value of \$860,000 was assessed as impaired). No property, plant and equipment and intangibles are expected to be disposed of within the next 12 months (2019: Property, plant and equipment and intangibles with a net value of \$88,000 was expected to be disposed of).

#### Revaluation of non-financial assets

Revaluations are conducted in accordance with the revaluation policy contained in this note. Buildings - leasehold improvements were revalued by an independent valuer, JLL Public Sector Valuations Pty Ltd, during 2020 (2019: plant and equipment was revalued by an independent valuer, JLL Public Sector Valuations Pty Ltd). The ROU component of building assets were not revalued and are carried at cost. There was a revaluation increment of \$350,000 (2019: there was a revaluation decrement of \$203,000). All increments and decrements, to the extent that they reverse a previous increment, are transferred to the asset revaluation reserve by asset class and are included in the equity section of the statement of financial position. A previous decrement due to revaluation in 2017 of \$253,000 was reversed due to the revaluation increment in 2020 (2019: nil). The remaining \$97,000 of the revaluation increment was transferred to the asset revaluation reserve. A revaluation of the provision for restoration was also transferred to the asset revaluation reserve.

#### Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There are no significant contractual commitments for the acquisition of property, plant and equipment and intangible assets (2019: nil).

#### **Accounting policy**

##### Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

##### Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases of property, plant and equipment costing less than \$2,000, or leasehold improvements costing less than \$60,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to the provision for restoration in property leases taken up by the APSC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the APSC's leasehold improvements with a corresponding provision for restoration recognised.

##### Leased Right-of-Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

**Australian Public Service Commission**  
**Notes to the financial statements**

Following initial application of AASB 16, an impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus or deficit. Revaluation decrements for a class of assets are recognised directly in the surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the APSC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

<b>Asset class</b>	<b>2020</b>	<b>2019</b>
Leasehold improvements	Expected lease term	Expected lease term
Property, plant and equipment	1 to 13 years	1 to 13 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Australian Public Service Commission**  
**Notes to the financial statements**

**Intangibles**

The APSC’s intangibles comprise intellectual property, purchased software and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses where the value of the asset exceeds \$2,000 for purchased software and \$60,000 for internally developed software and intellectual property.

Intangibles are amortised on a straight-line basis over their anticipated useful life. The useful lives of the APSC’s intangibles are between 2 to 10 years (2019: 2 to 10 years).

All intangible assets were assessed for impairment as at 30 June 2020.

**Note 3.2b: Prepayments paid**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Prepayments paid</b>		
Suppliers	<b>362</b>	<b>477</b>
<b>Total prepayments paid</b>	<b>362</b>	<b>477</b>

No indicators of impairment were found for prepayments paid.

**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 3.3: Payables**

	2020	2019
	\$'000	\$'000
<b>Note 3.3a: Suppliers</b>		
Trade creditors and accruals	3,295	3,769
Operating lease rentals	-	371
<b>Total suppliers</b>	<b>3,295</b>	<b>4,140</b>
<b>Note 3.3b: Unearned income</b>		
Rendering of services	4,051	5,899
<b>Total unearned income</b>	<b>4,051</b>	<b>5,899</b>
<b>Note 3.3c: Other payables</b>		
Wages and salaries	356	166
Superannuation	68	28
Separations and redundancies	-	47
Other	433	71
<b>Total other payables</b>	<b>857</b>	<b>312</b>

**Accounting policy**

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are recognised and derecognised upon trade date.

Operating lease rentals were expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets.

Unearned income is recognised for payments received for services that are not yet fully performed. This is measured in accordance with the accounting policy in note 1.2a for own-source revenue.

The wages and salaries payable and superannuation payable represent outstanding contributions for a portion of the final fortnight of the financial year.

The APSC recognises a payable for separation and redundancy benefit payments when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 3.4: Interest bearing liabilities**

**Note 3.4a: Leases**

	2020 \$'000	2019 \$'000
Lease liabilities	8,599	-
<b>Total leases</b>	<b>8,599</b>	<b>-</b>

The APSC has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$1,563,000 excluding GST.

The APSC in its capacity as lessee has three leases for office accommodation and one vehicle lease. Each office accommodation lease has annual fixed percentage increases in the lease payments. For all three accommodation leases, the initial period of office accommodation is still current and these leases do not have purchase options. The lease for the head office has the option to renew for two five year periods, whilst the other two accommodation leases do not have renewal options.

The lease for the head office commenced in July 2017 and the commitment is approximately \$11.3 million (excluding GST) over a lease term of 9 years and 8 months. Renewal options have not been taken into account in calculating the lease liability as at 30 June as the APSC is not reasonably certain of exercising the options.

**Accounting policy**

Refer to the Overview section for the accounting policy on leases.

**Note 3.5: Other provisions**

**Note 3.5a: Provision for restoration**

	2020 \$'000	2019 \$'000
<b>As at 1 July</b>	<b>250</b>	<b>245</b>
Amounts reversed	(10)	-
Unwinding of discount or change in discount rate	4	5
<b>Total as at 30 June</b>	<b>244</b>	<b>250</b>

The APSC currently has two (2019: two) leasing agreements which have provisions requiring the APSC to restore the premises to their original condition at the conclusion of the lease. The APSC has made provisions to reflect the present value of these obligations.

There was a revaluation of the provision for restoration. Restoration obligations were decreased by \$10,000, which was taken to the asset revaluation reserve (2019: no revaluation).

**Australian Public Service Commission**  
**Notes to the financial statements**

**NOTE 4: FUNDING**

This section identifies the APSC's funding structure.

**Note 4.1: Appropriations**

**Note 4.1a: Annual Appropriations ('Recoverable GST exclusive')**

	2020	2019
Departmental	\$'000	\$'000
<b>Annual Appropriation</b>		
Ordinary annual services	23,070	21,299
Capital Budget <sup>1</sup>	411	411
<b>Total Annual Appropriation</b>	<b>23,481</b>	<b>21,710</b>
<b>Adjustments to appropriation</b>		
PGPA Act section 74 receipts	23,785	24,447
<b>Total adjustments to appropriation</b>	<b>23,785</b>	<b>24,447</b>
<b>Total Appropriation</b>	<b>47,266</b>	<b>46,157</b>
Appropriation applied (current and prior years)	(46,238)	(46,771)
<b>Variance <sup>2</sup></b>	<b>1,028</b>	<b>(614)</b>

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5) and Supply Act No.1. They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

2. The variance in 2020 occurred due to additional funding and contributions provided during the year.

The variance in 2019 occurred due to the payment of accrued separation and redundancies.



**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 4.1b: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Departmental</b>		
<i>Appropriation Act (No. 1) 2016-17<sup>1</sup></i>	-	7
<i>Appropriation Act (No. 1) 2018-19</i>	-	15,707
<i>Supply Act (No. 1) 2019-20</i>	<b>2,146</b>	-
<i>Appropriation Act (No. 1) 2019-20</i>	<b>11,769</b>	-
<i>Appropriation Act (No. 3) 2019-20</i>	<b>2,820</b>	-
<b>Total departmental</b>	<b>16,735</b>	<b>15,714</b>

1. In 2017, by agreement with the Department of Finance, the APSC relinquished control of surplus departmental appropriation funding of \$7,131. This unused appropriation was permanently withheld by direction of a delegate for the Minister for Finance under section 51 of the PGPA Act during June 2017. This appropriation lapsed on 1 July 2019.

**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 4.1c: Special Appropriations Applied ('Recoverable GST exclusive')**

Authority	Appropriation applied	
	2020 \$'000	2019 \$'000
<b>Administered</b>		
<i>Remuneration Tribunal Act 1973 – section 7(13)</i> <sup>1</sup>	4,203	4,140
<i>Remuneration and Allowances Act 1990 – section 8</i> <sup>2</sup>	-	-
<i>Judicial and Statutory Officers (Remuneration and Allowances) Act 1984 – section 7(2)</i> <sup>3</sup>	-	-
<b>Total special appropriations applied</b>	<b>4,203</b>	<b>4,140</b>

1. The Attorney-General's Department drew from the *Remuneration Tribunal Act 1973* - section 7(13) for the purpose of making payments of Judicial Office Holders' remuneration and entitlements.
2. Due to amendments made in 2011 to the *Remuneration Tribunal Act 1973*, from 15 March 2012 payments are no longer made under this special appropriation.
3. No payment has been made under this special appropriation since it was transferred to the APSC in September 2010.

**Note 4.2: Net cash appropriation arrangements**

	2020 \$'000	2019 \$'000
<b>Total comprehensive income less depreciation and amortisation expenses previously funded through revenue appropriations</b>	<b>2,429</b>	<b>(1,048)</b>
Plus: depreciation and amortisation expenses previously funded through revenue appropriations	(1,454)	(1,512)
Plus: depreciation right-of-use assets	(1,640)	-
Less: principal repayments - leased assets	1,464	-
<b>Total comprehensive income/(loss) - as per the Statement of Comprehensive Income</b>	<b>799</b>	<b>(2,560)</b>

From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation and amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

The inclusion of depreciation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the cash impact on implementation of *AASB 16 Leases*, it does not directly reflect a change in appropriation arrangements.

**Australian Public Service Commission**  
**Notes to the financial statements**

**NOTE 5: PEOPLE AND RELATIONSHIPS**

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

**Note 5.1: Employee provisions**

**Note 5.1a: Employee provisions**

	2020	2019
	\$'000	\$'000
<b>Employee provisions</b>		
Leave	8,607	7,622
<b>Total employee provisions</b>	<b>8,607</b>	<b>7,622</b>

**Accounting policy**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the APSC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time that the leave is taken, including the APSC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the Australian Government shorthand method for all employees as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay rises through promotion and inflation.

Superannuation

APSC employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The APSC makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The APSC accounts for the contributions as if they were contributions to defined contribution plans.

## Australian Public Service Commission

### Notes to the financial statements

#### Note 5.2: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the APSC, directly or indirectly. The APSC has determined the key management personnel to be the Minister Assisting the Prime Minister for the Public Service and Cabinet and personnel within the APSC holding the following positions:

- Australian Public Service Commissioner
- Deputy Australian Public Service Commissioner
- Merit Protection Commissioner
- First Assistant Public Service Commissioner

Remuneration of key management personnel within the APSC is reported in the table below:

	2020	2019
	\$'000	\$'000
Short-term employee benefits	1,626	1,500
Post-employment benefits	212	205
Other long-term benefits	53	34
Termination benefits	-	-
<b>Total key management personnel remuneration expenses <sup>1</sup></b>	<b>1,891</b>	<b>1,739</b>

The total number of key management personnel that are included in the above table are four (2019: seven), with numbers higher in 2019 due to changes in staff during that year. The expenses are higher in 2020 as a position was unfilled for part of 2019.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Minister Assisting the Prime Minister for the Public Service and Cabinet. The Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the APSC.

#### Note 5.3: Related party disclosures

##### Related party relationships

The APSC is an Australian Government controlled entity. Related parties to the APSC are key management personnel including the Minister Assisting the Prime Minister for the Public Service and Cabinet, the Executive, and other Australian Government entities.

##### Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Other than the remuneration disclosed in note 5.2, there were no significant transactions with key management personnel (2019: nil).

The APSC undertakes a number of functions on behalf of the Australian Government. In performing these functions, the APSC transacts with other Australian Government controlled entities for normal day-to-day business operations provided either under normal terms and conditions or on a cost recovery basis.

**Australian Public Service Commission**  
**Notes to the financial statements**

The following significant transactions with related parties occurred during the financial year:

- About 99% of the APSC’s sale of goods and rendering of services revenue was earned from other Australian Government controlled entities (2019: 99%).
- The APSC leases its head office accommodation from the Department of Finance
- Information and communications technology services were provided by the Department of Prime Minister and Cabinet (2019: the Department of Employment, Skills, Small and Family Business and the Department of Prime Minister and Cabinet).

**NOTE 6: MANAGING UNCERTAINTIES**

This section analyses how the APSC manages financial risks within its operating environment.

**Note 6.1: Contingent assets and liabilities**

Departmental

	Restoration obligations	
	2020	2019
	\$'000	\$'000
<b>Contingent liabilities</b>		
Balance from previous period	575	561
Re-measurement	244	14
<b>Total contingent liabilities</b>	<b>819</b>	<b>575</b>

The above table contains \$819,000 of quantifiable contingent liabilities in respect of obligations to restore office premises to their original condition at the conclusion of the lease (2019: \$575,000). Restoration obligations were revalued in 2020, with the contingent amount increasing by \$244,000 (2019: no revaluation). The amount represents an estimate of the APSC’s liability based on the estimated per square metre restoration cost for the office. In accordance with the terms of the lease agreement, the restoration obligation only arises if requested by the landlord.

The APSC had no quantifiable or unquantifiable contingent assets as at 30 June 2020 (2019: nil).

The APSC had no unquantifiable contingent liabilities as at 30 June 2020 (2019: nil).

Administered

The APSC had no quantifiable or unquantifiable administered contingent assets or liabilities as at 30 June 2020 (2019: nil).

**Accounting Policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

**Australian Public Service Commission**  
**Notes to the financial statements**

**Note 6.2: Financial instruments**

**Note 6.2a: Categories of financial instruments**

	Notes	2020 \$'000	2019 \$'000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents	3.1a	1,097	933
Goods and services receivables (net)	3.1b	2,201	1,979
<b>Total financial assets at amortised cost</b>		<b>3,298</b>	<b>2,912</b>
<b>Total financial assets</b>		<b>3,298</b>	<b>2,912</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Trade creditors and accruals	3.3a	3,295	3,769
Other payables	3.3c	433	71
<b>Total financial liabilities measured at amortised cost</b>		<b>3,728</b>	<b>3,840</b>
<b>Total financial liabilities</b>		<b>3,728</b>	<b>3,840</b>

**Accounting Policy**

**Financial Assets**

In accordance with *AASB 9 Financial Instruments*, the APSC classifies its financial assets as 'financial assets measured at amortised cost'. This classification is based on the APSC's business model for managing the financial assets and contractual cash flows.

Financial assets are recognised when the APSC becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

'Financial Assets at Amortised Cost' need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method. Income is recognised on an effective interest rate basis for financial assets that are recognised at cost.

**Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Australian Public Service Commission  
Notes to the financial statements

<b><u>Financial liabilities</u></b>
The accounting policy for financial liabilities is contained in note 3.3 Payables.

**Note 6.3: Fair value measurement**

**Note 6.3a: Fair value measurement**

	Fair value	
	2020	2019
	\$'000	\$'000
<b>Non-financial assets<sup>1</sup></b>		
Buildings - leasehold improvements	5,242	5,119
Plant and equipment	1,758	2,155

1. The Right-of-use assets in these classes are measured at cost.

<b>Accounting Policy</b>
All property, plant and equipment (excluding right-of-use assets) is measured at fair value, in accordance with the accounting policy.
The APSC’s assets are held for operational purposes and not held for the purposes of deriving a profit.
Fair value is estimated using replacement cost, which is depreciated based upon the expended and remaining useful life of each asset.

Part five

# Appendices





## APPENDIX A: Entity resource and outcome resource statements

Table A1 summarises the total resources, by funding source, available to the Commission in 2019–20 and the total payments made from these resources. The actual available appropriation includes balances carried forward from the preceding financial year.

Table A2 shows the total expenses for each outcome, classified by appropriation source for each program.

Table A1 is presented on a cash basis. Table A2 and the financial statements in Part 4 are presented on an accrual basis.

**Table A1: Entity resource statement, 2019–20**

Item	Actual available appropriation for 2019–20 (\$'000)	Payments made 2019–20 (\$'000)	Balance remaining 2019–20 (\$'000)
	(a)	(b)	(c) = (a) – (b)
<b>Departmental</b>			
Annual appropriations—ordinary annual services <sup>1,2</sup>	62,973	46,238	16,735
<b>Total departmental annual appropriations</b>	<b>62,973</b>	<b>46,238</b>	<b>16,735</b>
<b>Total departmental resourcing</b>	<b>62,973</b>	<b>46,238</b>	<b>16,735</b>
<b>Administered</b>			
Administered special appropriations	—	—	—
<i>Remuneration Tribunal Act 1973</i>	—	4,203	—
<b>Total administered special appropriations</b>	—	<b>4,203</b>	—
<b>Total administered resourcing</b>	—	<b>4,203</b>	—
<b>Total resourcing and payments for the Australian Public Service Commission</b>	<b>62,973</b>	<b>50,911</b>	—

1. Supply Act (No. 1) 2019–20, Appropriation Act (No.1) 2019–20 and Appropriation Act (No.3) 2019–20. This also includes prior-year departmental appropriation and section 74 external revenue.

2. Includes an amount of \$0.4m in 2019–20 for the Departmental capital budget. Departmental capital budgets are not separately identified in the Supply or Appropriation Acts and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.

Table A2: Expenses for Outcome 1, 2019–20

Outcome 1: Increased awareness and adoption of best-practice public administration by the Public Service through leadership, promotion, advice and professional development, drawing on research and evaluation	Budget* 2019–20 (\$'000)	Actual expenses 2019–20 (\$'000)	Variation 2019–20 \$'000
	(a)	(b)	(c) = (a) – (b)
<b>Program 1.1: Australian Public Service Commission:</b>			
Departmental expenses			
Departmental appropriation	23,070	21,177	1,893
s74 External revenue <sup>1</sup>	22,095	23,571	(1,476)
Expenses not requiring appropriation in the Budget year <sup>2</sup>	1,902	1,497	405
<b>Departmental total</b>	<b>47,067</b>	<b>46,245</b>	<b>822</b>
<b>Total expenses for Program 1.1</b>	<b>47,067</b>	<b>46,245</b>	<b>822</b>
<b>Program 1.2: Judicial office holders' remuneration and entitlements:</b>			
Administered expenses			
Special appropriations	4,230	4,203	27
<b>Administered total</b>	<b>4,230</b>	<b>4,203</b>	<b>27</b>
<b>Total expenses for Program 1.1</b>	<b>4,230</b>	<b>4,203</b>	<b>27</b>
<b>Total expenses for Outcome 1</b>	<b>51,297</b>	<b>50,448</b>	<b>849</b>
<b>Staffing</b>			
Average staffing level (number)	200	209	

\*Full-year budget, including any subsequent adjustment made to the 2019–20 budget at Additional Estimates.

1. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

2. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.

## APPENDIX B: Staffing profile

Table A3 provides a breakdown of staff at 30 June in 2019 and 2020 by employment type and gender. Apart from the Commissioner and the Merit Protection Commissioner, all staff are employed under the Act.

Tables A4 and A5 show ongoing and non-ongoing staff by location and classification.

Tables A6 and A7 show staff by classification, location and gender over the past two years, and Table A8 shows the number of staff who identified as Indigenous.

**Table A3: Ongoing and non-ongoing staff, by gender, 30 June 2019 and 30 June 2020 (Headcount)**

	30 June 2019			30 June 2020		
Employment Type	Female	Male	Total	Female	Male	Total
Ongoing full-time	115	50	165	113	58	171
Ongoing part-time	28	3	31	33	6	39
Non-ongoing full-time	13	3	16	10	5	15
Non-ongoing part-time	7	0	7	1	0	1
<b>Total</b>	<b>163</b>	<b>56</b>	<b>219</b>	<b>157</b>	<b>69</b>	<b>226</b>

Note: Figures do not include irregular/intermittent employees but do include staff on long-term leave. The Australian Public Service Commissioner and the Merit Protection Commissioner are statutory office holders and are counted as ongoing full-time.

**Table A4: Ongoing and non-ongoing staff, by location, 30 June 2020 (Headcount)**

Employment Type	ACT	NSW	QLD	SA	VIC	Total
Ongoing	196	10	3	1	1	211
Non-ongoing	12	2	1	0	0	15
<b>Total</b>	<b>208</b>	<b>12</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>226</b>

**Table A5: Ongoing and non-ongoing staff, by classification, 30 June 2020 (Headcount)**

Classification	Ongoing	Non-ongoing	Total
APS 1–2	5	1	6
APS 3–4	27	5	32
APS 5–6	54	6	60
EL 1	72	3	75
EL 2	37	1	38
SES and statutory office holders	15	—	15
<b>Total</b>	<b>210</b>	<b>16</b>	<b>226</b>

**Table A6: Staff, by classification, location and gender, 30 June 2019 and 30 June 2020 (Headcount)**

Classification	30 Jun 2019					30 Jun 2020										
	ACT		NSW		Total	ACT		NSW		QLD		SA		VIC		Total
	F	M	F	M		F	M	F	M	F	M	F	M	F	M	
APS 1–2	6	3	0	0	9	2	4	0	0	0	0	0	0	0	0	6
APS 3–4	17	6	3	0	26	22	8	2	0	0	0	0	0	0	0	32
APS 5	17	6	1	0	24	14	3	1	0	0	0	0	0	0	0	18
APS 6	34	11	0	0	45	28	13	1	0	0	0	0	0	0	0	42
EL 1	38	14	7	2	61	42	23	4	1	1	2	0	1	1	0	75
EL 2	28	9	0	1	38	27	8	1	1	0	1	0	0	0	0	38
SES 1	10	2	0	0	12	8	2	0	0	0	0	0	0	0	0	10
SES 2	0	1	0	0	1	1	1	0	0	0	0	0	0	0	0	2
SES 3	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1
Statutory office holders	0	1	1	0	2	0	1	1	0	0	0	0	0	0	0	2
<b>Totals</b>	<b>151</b>	<b>53</b>	<b>12</b>	<b>3</b>	<b>219</b>	<b>145</b>	<b>63</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>226</b>

Note: Figures do not include irregular/intermittent employees but do include staff on long-term leave. The Australian Public Service Commissioner and the Merit Protection Commissioner are statutory office holders and count as ongoing full-time.

**Table A7: Number of staff identifying as Indigenous, by employment type, 30 June 2019 and 30 June 2020 (Headcount)**

Employment type	30 June 2019	30 June 2020
Ongoing	11	10
Non-ongoing	1	0
<b>Total</b>	<b>12</b>	<b>10</b>

## APPENDIX C: Work health and safety

### Executive Commitment

The Commission seeks to safeguard the health and safety of employees, workers and visitors by providing and maintaining a safe working environment. The Commission aims to eliminate all preventable work-related injuries and illness and is committed to supporting employee wellbeing.

### Rehabilitation Management System

The Commission monitored and reviewed the rehabilitation management system in 2019–20 as part of the commitment to continuous improvement. This resulted in the engagement of a dedicated rehabilitation case manager.

### Health and Wellbeing

Initiatives under the health and wellbeing program are developed in consultation with employees and the Workplace Relations/Workplace Health and Safety Committee. Initiatives in 2019–20 included:

- continued availability of the Employee Assistance Program for employees and their families
- mental health awareness sessions
- resilience training for mental wellbeing
- financial reimbursement for influenza vaccinations
- reimbursement for employees requiring assistance to quit smoking or requiring glasses for visually demanding tasks
- training of first aid officers including Mental Health First Aid Officers, to ensure that immediate assistance is available if required
- workstation assessments, including providing special equipment to prevent injury and to support recovery for illness or injury
- supporting employees requiring reasonable adjustment
- early intervention support
- promoting and facilitating flexible working arrangements
- actively engaging with employee diversity and inclusion networks on matters including policy development and participating in key inclusion and awareness events, and
- raising awareness of issues relating to family and domestic violence to ensure policies reflect best practice and that appropriate support mechanisms are in place.

### Notifiable incidents, notices and investigations

In 2019–20 no notifiable incidents occurred under Part 3 or Part 5 of the *Work Health Safety ACT 2011*.

## APPENDIX D: Ecologically sustainable development and environmental performance

Section 516A of the Environment Protection and Biodiversity Conservation Act 1999 requires that Australian government organisations include in their annual reports information on their contribution to ecologically sustainable development.

The Commission aims to minimise the use of non-renewable resources, and environmental activities are directed towards improving energy management and environmental practices. This includes maximising the benefits of energy-saving devices and making purchases with energy efficiency in mind.

Printing facilities use ‘follow-me’ printing, which minimises waste and uncollected print-outs. In 2019–20, the Commission continued to make energy savings through various technological improvements, the use of recycled paper and the blending of recycling and paper waste recycling, along with the recycling of disposables including printer cartridges and batteries. Any whitegoods or office equipment purchased had water-efficient and energy-efficient features, including sleep modes.

The Commission does not administer any legislation or have any appropriation directly related to sustainable development and environmental performance.

## APPENDIX E: Advertising

The Commission did not engage in advertising campaigns in 2019–20.

## APPENDIX F: Disability reporting mechanisms

Disability reporting is included in the annual State of the Service Report and the APS Statistical Bulletin. These reports are available on the Commission’s website at [www.apsc.gov.au](http://www.apsc.gov.au)

The National Disability Strategy 2010–2020 sets out a national policy framework for improving the lives of people with disability, promoting participation and creating a more inclusive society. A high-level two-yearly report tracks progress against each of the six outcome areas of the strategy and presents a picture of how people with disability are faring. Copies of these reports are available on the Department of Social Services website at [www.dss.gov.au](http://www.dss.gov.au)

## APPENDIX G: Information Publication Scheme

The Commission's Information Publication Scheme statement pursuant to Part II of the Freedom of Information Act 1982 is available at <https://www.apsc.gov.au/information-publication-scheme-ips>

## APPENDIX H: List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
<b>17AD(g)</b>	<b>Letter of transmittal</b>		
<b>17AI</b>	Letter of transmittal	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
<b>17AD(h)</b>	<b>Aids to access</b>		
<b>17AJ(a)</b>	Contents	Table of contents.	Mandatory
<b>17AJ(b)</b>	Part 8 Index	Alphabetical index.	Mandatory
<b>17AJ(c)</b>	Abbreviations and Acronyms	Glossary of abbreviations and acronyms.	Mandatory
<b>17AJ(d)</b>	Appendix H: List of Requirements	List of requirements.	Mandatory
<b>17AJ(e)</b>	Readers Guide	Details of contact officer.	Mandatory
<b>17AJ(f)</b>	Readers Guide	Entity's website address.	Mandatory
<b>17AJ(g)</b>	Readers Guide	Electronic address of report.	Mandatory
<b>17AD(a)</b>	<b>Review by accountable authority</b>		
<b>17AD(a)</b>	Commissioner's Review	A review by the accountable authority of the entity.	Mandatory
<b>17AD(b)</b>	<b>Overview of the entity</b>		
<b>17AE(1)(a)(i)</b>	About the Commission	A description of the role and functions of the entity.	Mandatory
<b>17AE(1)(a)(ii)</b>	Organisational Structure	A description of the organisational structure of the entity.	Mandatory
<b>17AE(1)(a)(iii)</b>	Purpose, outcome and program structure	A description of the outcomes and programmes administered by the entity.	Mandatory
<b>17AE(1)(a)(iv)</b>	Purpose, outcome and program structure	A description of the purposes of the entity as included in corporate plan.	Mandatory
<b>17AE(1)(aa)(i)</b>	Key Management Personnel	Name of the accountable authority or each member of the accountable authority.	Mandatory
<b>17AE(1)(aa)(ii)</b>	Key Management Personnel	Position of the accountable authority or each member of the accountable authority.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
<b>17AE(1)(aa)(iii)</b>	Key Management Personnel	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
<b>17AE(1)(b)</b>	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments —mandatory
<b>17AE(2)</b>	Relationship between the Commission's 2019–20 Portfolio Budget Statements and the Corporate Plan 2019–20	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
<b>17AD(c)</b>	<b>Report on the Performance of the entity</b>		
	<b>Annual performance Statements</b>		
<b>17AD(c)(i); 16F</b>	Part 2: Annual Performance Statements	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
<b>17AD(c)(ii)</b>	Report on Financial Performance		
<b>17AF(1)(a)</b>	Financial Performance	A discussion and analysis of the entity's financial performance.	Mandatory
<b>17AF(1)(b)</b>	Appendix A: Entity Resource and Outcome Resource Statements	A table summarising the total resources and total payments of the entity.	Mandatory
<b>17AF(2)</b>	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
<b>17AD(d)</b>	<b>Management and Accountability</b>		
	<b>Corporate Governance</b>		
<b>17AG(2)(a)</b>	Corporate Governance	Information on compliance with section 10 (fraud systems).	Mandatory
<b>17AG(2)(b)(i)</b>	Letter of Transmittal	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory



PGPA Rule Reference	Part of Report	Description	Requirement
<b>17AG(2)(b)(ii)</b>	Letter of Transmittal	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
<b>17AG(2)(b)(iii)</b>	Letter of Transmittal	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
<b>17AG(2)(c)</b>	Corporate Governance	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
<b>17AG(2)(d) – (e)</b>	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<b>Audit Committee</b>			
<b>17AG(2A)(a)</b>	Audit and Risk Management Committee	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
<b>17AG(2A)(b)</b>	Audit and Risk Management Committee	The name of each member of the entity's audit committee.	Mandatory
<b>17AG(2A)(c)</b>	Audit and Risk Management Committee	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
<b>17AG(2A)(d)</b>	Audit and Risk Management Committee	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
<b>17AG(2A)(e)</b>	Audit and Risk Management Committee	The remuneration of each member of the entity's audit committee.	Mandatory
<b>External Scrutiny</b>			
<b>17AG(3)</b>	External Scrutiny	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
<b>17AG(3)(a)</b>	External Scrutiny	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
<b>17AG(3)(b)</b>	External Scrutiny	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(3)(c)	External Scrutiny	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<b>Management of Human Resources</b>			
17AG(4)(a)	Human Resources Management	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Appendix B: Staffing Profile	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory
17AG(4)(b)	Appendix B: Staffing Profile	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> <li>Statistics on staffing classification level;</li> <li>Statistics on full-time employees;</li> <li>Statistics on part-time employees;</li> <li>Statistics on gender;</li> <li>Statistics on staff location;</li> <li>Statistics on employees who identify as Indigenous.</li> </ul>	Mandatory
17AG(4)(c)	Human Resources Management	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Human Resources Management	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Appendix B: Staffing Profile	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Human Resources Management	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
	<b>Assets Management</b>		
17AG(5)	Assets Management	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
	<b>Purchasing</b>		
17AG(6)	Purchasing	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
	<b>Consultants</b>		
17AG(7)(a)	Purchasing	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Purchasing	A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory
17AG(7)(c)	Purchasing	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Purchasing	A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<b>Australian National Audit Office Access Clauses</b>		
<b>17AG(8)</b>	Purchasing	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
	<b>Exempt contracts</b>		
<b>17AG(9)</b>	Purchasing	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
	<b>Small business</b>		
<b>17AG(10)(a)</b>	Purchasing	A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
<b>17AG(10)(b)</b>	Purchasing	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
<b>17AG(10)(c)</b>	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."</i>	If applicable, Mandatory
	<b>Financial Statements</b>		
<b>17AD(e)</b>	Part 4: Financial Statements	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<b>Executive Remuneration</b>		
<b>17AD(da)</b>	Human Resources Management	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory
17AH(1)(a)(ii)	Appendix E: Advertising	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	Appendix F: Disability Reporting Mechanisms	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Appendix G: Information Publication Scheme	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Appendix C: Work Health and Safety	Information required by other legislation.	Mandatory

Part six

# Reference material



## Abbreviations and acronyms

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AASB	Australian Accounting Standards Board
ACT	Australian Capital Territory
ANU	Australian National University
AO	Officer of the Order of Australia
APS	Australian Public Service
APSC	Australian Public Service Commission
ARMC	Audit and Risk Management Committee
ASEAN	Association of Southeast Asian Nations
ASL	Average Staffing Level
ATO	Australian Taxation Office
CEO	Chief Executive Officer
COO	Chief Operating Officer
COVID-19	Corona Virus Disease
CPA	Certified Practising Accountant
DCB	Departmental Capital Budget
DCN	Disability and Carers Network
DFAT	Department of Foreign Affairs and Trade
DSTC	Deputy Secretaries Talent Council
DTA	Digital Transformation Agency
EL	Executive Level
FBT	Fringe Benefits Tax
FRR	Financial Reporting Rule
FTE	Full Time Equivalent
GDP	Graduate Development Program
GE	Gender Equality
GST	Goods and Services Tax
HR	Human Resources
IAG	Integrity Agencies Group
ICT	Information and Communications Technology
IT	Information Technology
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Intersex (plus peers)
MOU	Memorandum of Understanding
MP	Member of Parliament
NAIDOC	National Aborigines and Islanders Day Observance Committee
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development

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OPA	Official Public Account
PBS	Portfolio Budget Statements
PGPA	<i>Public Governance, Performance and Accountability Act 2013</i>
PSM	Public Service Medal
QLD	Queensland
RAP	Reconciliation Action Plan
ROU	Right of Use
SA	South Australia
SEDC	Secretaries' Equality and Diversity Council
SES	Senior Executive Service
STC	Secretaries Talent Council
UN	United Nations
VIC	Victoria

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Australian Government  
Merit Protection Commissioner

# ANNUAL REPORT of the Merit Protection Commissioner





The Hon Ben Morton MP  
Assistant Minister to the Prime Minister and Cabinet  
Parliament House  
Canberra ACT 2600

Dear Assistant Minister

I am pleased to present the Merit Protection Commissioner Annual Report for the reporting period ending 30 June 2020. As required by section 51 of the *Public Service Act 1999*, my report deals with the activities of the Office of the Merit Protection Commissioner and is included in the Australian Public Service Commissioner's Annual Report.

In preparing this report I have taken into account those requirements relevant to my role as a statutory office holder contained in *Annual Reports for Non-corporate Commonwealth Entities: the Resource Management Guide No. 135*, issued by the Department of Finance in May 2020.

Yours sincerely

Linda Waugh  
Merit Protection Commissioner  
15 October 2020

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## Merit Protection Commissioner's foreword



Over the last year my office has continued to deliver to Australian Public Service (APS) employees a fair and independent process of review of decisions that affect their employment. We have continued to provide support to APS managers and decision makers to make high-quality employment decisions that contribute to the continual improvement of integrity and performance of the APS. This has been in the context of the global COVID-19 pandemic which has impacted all aspects of life and presented a range of challenges to the APS.

Like many APS agencies, I deployed my staff to their homes for an extended period of remote working early in the year as the number of COVID-19 cases increased and following the Prime Minister's announcement of a nation-wide lockdown in March 2020. The transition to working from home full-time required some adjustments for my staff, however our Information Technology capability was remote-working ready and the nature of our work is amenable to these arrangements. This meant we were able to

maintain business continuity and provide uninterrupted services to our stakeholders during this period.

The APS has had to deal with significant challenges this year—redeployment, mobilisation and striving to operate as a united enterprise supporting the response to and recovery from COVID-19. This was combined with ongoing priorities such as data and digital transformation and capacity building. At the centre of all this are our APS employees staying focused on delivering outcomes and achieving the best results for Australians. In such uncertainty and change in the workplace, it is increasingly important that APS agencies and employees have access to our services which assist to maintain harmonious workplaces and uphold our APS Values and Employment Principles as set out in the *Public Service Act 1999* (Public Service Act).

During 2019–20, we received 1,785 applications for review of employment actions from APS employees in 27 APS agencies. Of these, 1,590 were applications for a promotion review which was an increase over the 1,089 applications we received the previous financial year. What made this increase so significant for my office was that it came in the form of an unexpected surge in late 2019 and in early 2020. In November and December 2019 we had a 293 per cent increase in applications compared to the same period

in 2018. The period from January to April 2020 saw a 38 per cent increase in applications compared to the same period in 2019.

This surge in our casework presented significant challenges for our small team of two full-time officers who are responsible for the processing and administration of our promotion review function. We were able to resolve the temporary delays and clear the backlog from the November to January period. We did this through reassigning duties for other staff in the office and increasing the number of casuals able to convene Promotion Review Committees. With welcome funding from the Australian Taxation Office (ATO), from where the bulk of the promotion review applications came, we were also able to engage a temporary administration officer to assist with the surge.

Of the 760 promotion decisions we reviewed, we set aside four decisions. It is very pleasing to see such a volume of high quality and merit-based promotion decisions being made across the APS. The possibility of merits review of a promotion decision continues to reinforce and uphold the Employment Principle that the APS is a career-based public service that makes promotion decisions based on merit.

Although we receive a large number of promotion review applications, the bulk of our resources are dedicated to reviews of other employment actions. Reviews of these types of actions are resource

intensive. They are full merits review and are often complex matters requiring analysis of large volumes of material. Reviewers generally need to consider relevant legislation, enterprise agreements and agency policies when dealing with these matters. The majority of my ongoing staff perform this aspect of our work and the most senior and experienced staff operate independently in these cases as my delegates.

We received 195 applications for reviews of other employment actions, of which 41 per cent were for reviews of misconduct breach or sanction decisions. As with previous years, this category of review saw the highest rate of recommendations to vary or set aside an agency decision, at 48 per cent of cases. In my view the rate at which we recommend variations to these decisions reflects their gravity and the challenges agency decision makers face in weighing evidence, dealing with employees' submissions and articulating clear reasons. It is critically important that agencies manage conduct matters appropriately, proportionately and in accordance with procedural fairness as it is these matters which often have the biggest impact on, and are most adverse to, an employee. We continue to make this a priority area when engaging with our stakeholders and developing resources to assist them.

A large number of the remaining applications related to leave and

performance management decisions. Perhaps due to the impact of COVID-19 changing the way we work across the APS, we saw a decrease in applications for review of flexible work applications. It may well be the case we see different trends in the next financial year. At the close of this year we are still in the midst of COVID-19 with many temporary working arrangements still in place. The APS, like many workplaces, is contemplating what the future of work may look like – particularly in relation to remote, flexible and agile ways of working while continuing to deliver government priorities, achieving outcomes and meeting productivity and efficiency targets.

As part of our ongoing stakeholder engagement work, we published summaries of our case work and tip sheets on other issues arising from our review casework, including on managing conflicts of interest and conducting internal reviews of performance management decisions. I have already referred to the challenges agencies face in making Code

of Conduct decisions. To assist agency decision makers, we published a tip sheet containing advice and guidance on the importance of getting the basics correct when drafting allegations of misconduct and on managing conflicts of interest.

Due to restrictions on travel and the APS's focus on delivering essential services to the Australian community, our focus in the second half of 2019–20 was more internal than external, with key priority areas of improving our internal governance, focusing on staff development and setting clear objectives and project goals for the coming two financial years.

Finally, I would like to thank and acknowledge the staff of the Australian Public Service Commission (APSC) who assisted me in discharging my statutory functions and those that assisted me by providing corporate support for the operation of my office.

Linda Waugh  
Merit Protection Commissioner



# Our year at a glance



12 staff and Merit Protection Commissioner

## 1,785 applications under the Reviews of Actions scheme

195 applications for general reviews

1,590 applications for review of a promotion

760 promotion decisions reviewed

### Top 5 agencies

- Services Australia **58**
- Australian Taxation Office **37**
- Department of Defence **25**
- Department of Home Affairs **21**
- National Disability Insurance Agency **9**

### Top 5 agencies

- Australian Taxation Office **988**
- Services Australia **374**
- Department of Home Affairs **166**
- Department of Agriculture **17**
- National Disability Insurance Agency **17**



### General reviews

**38.5%** of decisions varied or set aside

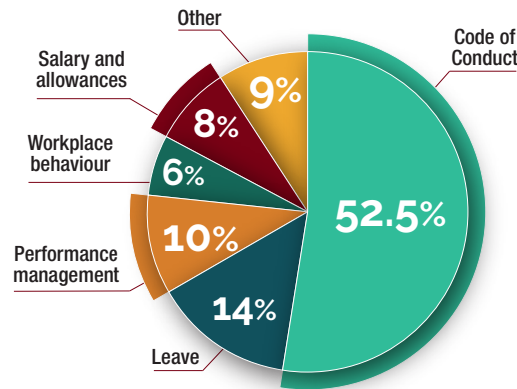


### Promotion review

**0.53%** of decisions varied



## Reviews by subject



**39** stakeholder engagement opportunities



**7** new publications on website



**4** pieces of policy feedback



# 1 Overview



merit

## About the Merit Protection Commissioner

The Merit Protection Commissioner (MPC) is an independent statutory office holder established under Part 6 of the Public Service Act who performs a range of statutory functions for the APS. Those functions are concerned with the implementation of, and compliance with, the APS employment framework and principles, as well as the operation of the broader integrity framework. This is done principally through independent reviews of employment-related actions and decisions affecting APS employees. The MPC also has a range of other complaint and inquiry functions and can provide recruitment and employment-related services.

Ms Linda Waugh is the current MPC and was appointed on 25 June 2018. Ms Waugh is also the Parliamentary Service Merit Protection Commissioner. The duties and functions of this role mirror those of the MPC under the Public Service Act, and are the subject of a separate annual report.

The staff of the Office of the Merit Protection Commissioner (OMPC) are employees of the APSC. Under Section 49(2) of the Public Service Act the staff necessary to assist the MPC must be engaged under that Act and made available by the Public Service Commissioner. The APSC provides all corporate support and services to the MPC. The MPC is co-located with the APSC.

The MPC strives to perform all statutory functions independently, efficiently and professionally. Our objectives and priorities when discharging our statutory functions are to:

- engage effectively with our stakeholders
- build our internal capacity and expertise
- innovate for better delivery of services
- enhance our governance and accountability.

## Statutory functions and responsibilities

The statutory functions of the MPC are set out under Part 6 of the Public Service Act and parts 4, 5 and 7 of the Public Service Regulations 1999 (the regulations). The statutory authority for each of the MPC's functions are set out in Appendix A. The following sections explain the operation of each function.

## Reviews of employment-related actions and decisions

Section 33 of the Public Service Act provides an APS employee an entitlement to seek review, in accordance with the regulations, of any APS action that relates to their APS employment (excluding termination). The details of the scheme are in parts 5 and 7 of the regulations.

There are two tiers of review, with agencies conducting internal reviews for most types of matters. The MPC provides independent and external merit-based reviews.

The Australian Government general policy (Public Service Regulation 5.1) about the Reviews of Actions scheme is that:

- APS agencies should achieve and maintain workplaces that encourage productive and harmonious working environments
- there should be a fair system of review of APS actions
- APS employee's concerns should be dealt with quickly, impartially and fairly
- the review process should be consistent with the use of alternative dispute resolution methods to reach satisfactory outcomes where appropriate
- nothing in the operation of the scheme should prevent an application for review from being resolved by conciliation or other means at any time before the review process is completed.

There are three broad categories of employment-related actions within the scheme that can be reviewed by the MPC:

### 1. Review of a promotion decision

An APS employee who applies for promotion to APS levels 1 to 6 and is unsuccessful, and where the person promoted is another APS employee, may apply for a full merits review of the promotion decision. An APS employee who has been promoted can also apply for promotion review. Employees do this to 'protect' their promotion where they anticipate someone might seek review of their promotion. The review eligibility criteria are the same regardless of the reasons the employee submits a promotion review application. An MPC promotion review decision is binding on the relevant agency head. The promotion review scheme is outlined in Division 5.2 of the regulations.

## 2. MPC direct review of an action (primary review)

There are three types of employment-related actions or decisions for which an APS employee can apply directly to the MPC for review.<sup>1</sup>

- a. Review of a determination that an APS employee (and in certain circumstances a former employee) has breached the Code of Conduct and/or the resulting sanction decision. The employee makes the application directly to the MPC without first seeking internal review by their agency. The entitlement to review for a current employee is outlined in Division 5.3 of the regulations and is called a primary review. The entitlement for a former employee is in Division 7.3 of the regulations.
- b. Review of an action or decision where it is not appropriate for the agency to conduct an internal agency review. This applies if:
  - the agency head was directly involved in the action
  - it is not appropriate due to the seriousness or sensitivity of the action
  - the action is claimed to be victimisation or harassment of the employee for having made a previous application for review of an action.

The employee can apply directly to the MPC without first seeking review in the agency for any of the above reasons. Agencies are able to refer matters requesting that the MPC conduct a primary review if:

- the agency head was directly involved in the action
- it is not appropriate due to the seriousness or sensitivity of the action

The provisions outlining the circumstances in which the MPC is able to conduct a primary review of a matter which would ordinarily be reviewed first in the agency are outlined in Division 5.3 of the regulations.

- c. Review of an action or decision taken by a statutory officer. APS employees are able to seek review by the MPC of the actions of a statutory officer holder who is supervising or managing the APS employee. Employees are able to make applications directly to the MPC without first seeking a review in the agency. This entitlement is outlined in Division 7.4 of the regulations.

## 3. MPC review of an action following internal agency review or consideration (secondary review)

This is called a secondary review because the APS employee must seek an internal review of the employment-related action or decision by their agency before seeking

<sup>1</sup> For ease of reporting we include applications for review under Division 7 of the regulations as 'primary reviews' when referenced in this annual report (noting they are not termed primary reviews under the regulations).

review by the MPC. Disputes concerning leave applications, performance reviews and flexible working arrangements fall within this category. An APS employee will seek secondary review by the MPC because they disagree with the agency action or decision and are not satisfied with the outcome of the internal agency review of that action or decision. An APS employee can also make a secondary review application when an agency head has rejected the APS employee's application for an internal review on the grounds that it is not a reviewable action. The provisions relating to secondary reviews are in Division 5.3 of the regulations.

Only employees at classifications below Senior Executive Service level can seek a primary or secondary by the MPC. The MPC's powers for these reviews are recommendatory, that is the MPC can recommend the agency or statutory office holder decision or action be upheld, varied or set aside.

## **Complaints about entitlement calculations on separation**

Former employees are able to ask the MPC to investigate a complaint about the entitlements they received when leaving APS employment. This usually relates to payments made for leave accrued but not taken. This entitlement is outlined in subsection 50(1)(e) of the Public Service Act and Division 7.2 of the regulations.

## **Inquiry functions**

The MPC can conduct inquiries into:

- public interest disclosures that relate to alleged breaches of the Code of Conduct (Subsection 50(1)(a) and 50(2) of the Public Service Act and Division 7.1 of the regulations)
- alleged breaches of the Code of Conduct by the Australian Public Service Commissioner (Subsection 50(1)(b) of the Public Service Act)
- an APS action at the request of the Public Service Minister (Subsection 50(1)(c) of the Public Service Act)
- an APS employee, or a former APS employee, alleged to have breached the Code of Conduct (Subsection 50(1)(ca) and Section 50A of the Act and Division 7.6 of the regulations).

## **Statutory services for APS Agencies**

The MPC may inquire into and determine whether an APS employee or a former employee has breached the Code of Conduct, if a request is made by the agency head. The inquiry must have the written agreement of the employee or former employee. A finding or any action undertaken during an inquiry by the MPC is not subject to review under the Review of Actions scheme. The arrangements for conducting inquiries are outlined in Subsection 50(1)(ca) and Section 50A of the Public Service Act and Division 7.6 of the regulations.

If requested, the MPC may establish Independent Selection Advisory Committees to help with agencies' recruitment processes. These committees are independent three-member bodies that perform a staff selection exercise on behalf of an agency, and make recommendations about the relative suitability of candidates for jobs at the APS 1 to 6 classifications. The convenors are employees working for the MPC. A promotion decision resulting from an Independent Selection Advisory Committee recommendation is not subject to promotion review under the Review of Actions scheme. The arrangements for Independent Selection Advisory Committees are outlined in part 4 of the regulations.

The MPC would usually charge a fee for these services.

## **Recruitment and employment services for non-APS entities**

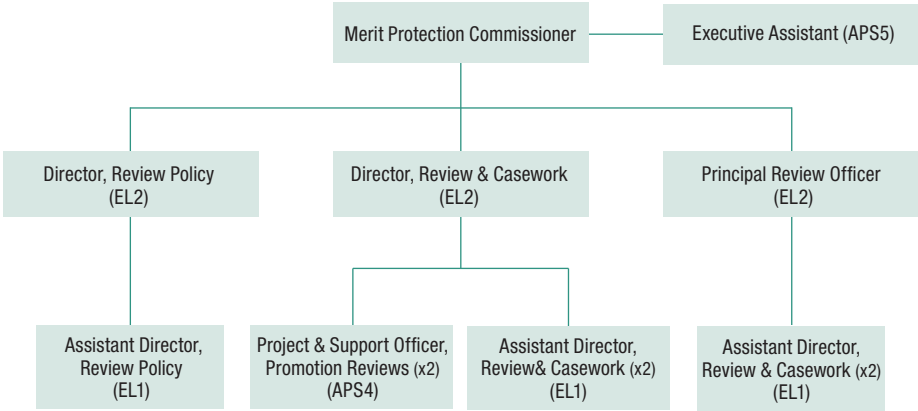
The MPC is able to provide review, investigation and recruitment services to non-APS Commonwealth entities, entities in other jurisdictions, and private corporations and bodies, and charge a fee for these services.

This is provided for under Subsection 50(1)(e) and 50(3) of the Public Service Act. The details of these arrangements are provided for in Regulation 7.4.

# Organisational structure

The Office of the MPC has 11 positions occupied by 12 employees (as at 30 June 2020) and is structured as shown in Figure 1.

Figure 1: Structure of the Office of the Merit Protection Commissioner



We also engage staff from the MPC pool of casual employees on an as-needed basis (usually for a specific activity such as convening a Promotion Review Committee or conducting a Code of Conduct investigation).



## **2** Report on performance of statutory functions



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## Reviews of employment-related actions

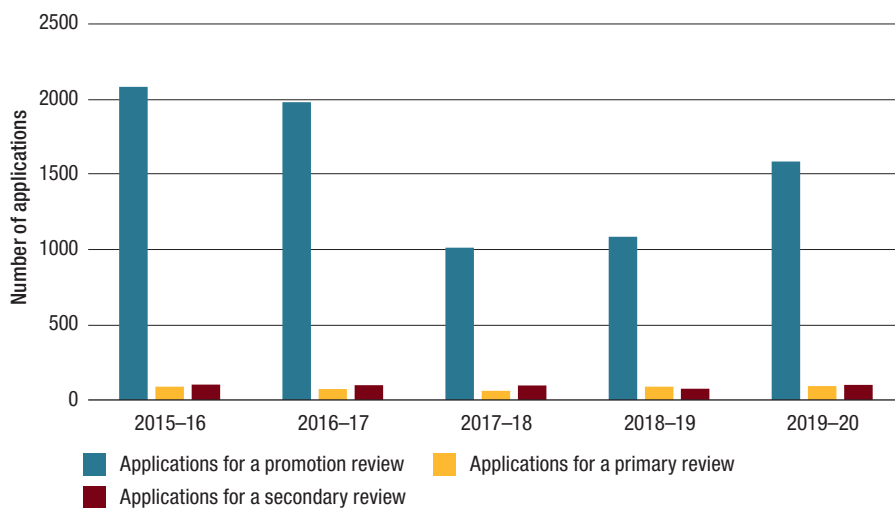
### Year-end totals for all reviews of actions

During 2019–20, we received 1,785 applications for a review of a promotion decision or other employment-related actions or decisions. Of these:

- 1,590 were applications for a promotion review
- 80 were applications for a MPC direct (primary) review of a finding that an employee had breached the Code of Conduct or a sanction decision
- 14 were applications for a MPC direct (primary) review of an action or decision where it was not appropriate for the agency to conduct an internal review of the action or decision
- 101 were applications for a MPC (secondary) review following internal agency consideration or review of the action or decision.

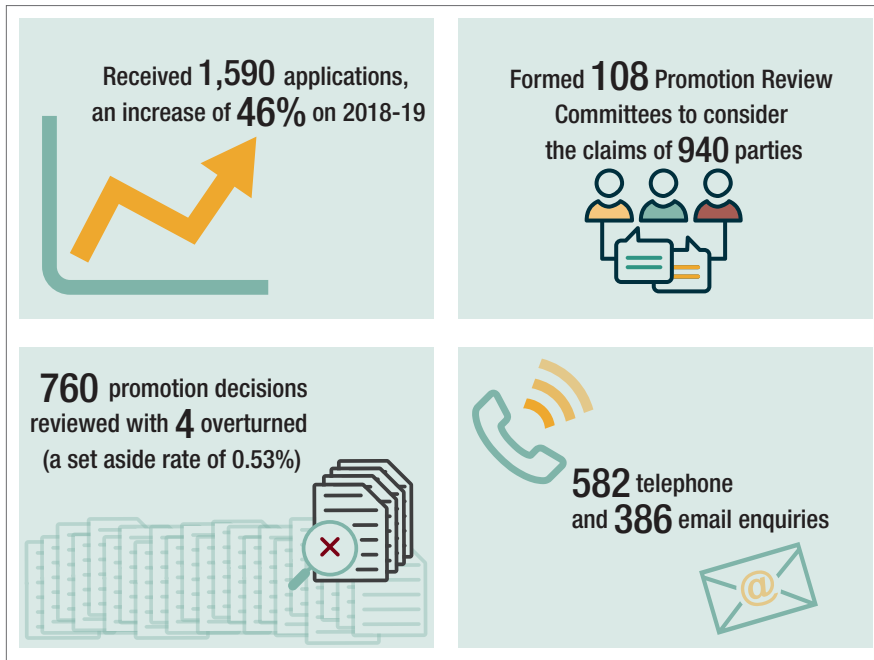
As shown in Figure 2, applications for reviews to be conducted directly by the MPC (primary reviews) and for reviews to be conducted following an internal agency review (secondary reviews) have remained relatively stable across time. The number of promotion review applications varies across time, with a significant increase in applications in 2019–20 compared to the two previous years.

**Figure 2: Trends in number of review applications, 2015–16 to 2019–20**



We also received 684 telephone enquiries relating to reviews of actions between late January (when we commenced recording this data) and 30 June 2020. Of these, 85 per cent related to promotion reviews.

## Reviews of promotion decisions



Ongoing APS employees who have applied for a promotion in the APS may apply to the MPC to have certain promotion decisions reviewed. The entitlement to promotion review is restricted to vacancies for job classifications APS level 1 to APS Level 6 (or equivalent classification levels) that are advertised in the *APS Gazette*. The application can only be made when the person promoted is an ongoing APS or Parliamentary Service employee (that is not an external candidate).

The ground for promotion review is merit. For a promotion to be overturned, the promotion review applicant needs to demonstrate stronger claims and work-related qualities for the position than the person who was promoted.

### The promotion review process

#### Making an application for promotion review

When an APS agency promotes an employee to an ongoing role following a recruitment exercise, the agency must place a promotion notice for that vacancy in the *APS Gazette*. An applicant for review of that promotion must lodge their application within 14 days of the notice being published.

In many recruitment actions only one vacancy in one location has been advertised. In this circumstance, only unsuccessful APS job applicants for that vacancy can apply for promotion review.

Departments and large agencies often undertake large scale recruitment actions (referred to as bulk rounds) in which they advertise multiple vacancies across multiple locations—for example, 20 APS 5 Policy Officer positions across Canberra (10 vacancies), Melbourne (5 vacancies) and Sydney (5 vacancies). In this type of recruitment, the MPC often receives applications from both APS job applicants who were unsuccessful in gaining promotion (called unsuccessful job applicants), and APS job applicants who were successful in being promoted (called promoted job applicants).

Using this example, an unsuccessful job applicant who applied for vacancies in both Canberra and Melbourne can lodge a promotion review application against all promoted applicants in both Canberra and Melbourne but not Sydney. A promoted job applicant who applied for vacancies in both Canberra and Melbourne can do the same (except for their own promotion). A promoted job applicant will generally make a promotion review application so if their promotion is set aside by a Promotion Review Committee, they can still be considered for promotion against the claims of other promoted job applicants.

### **Assessment of promotion review applications**

When a promotion review application is received by the MPC it is assessed to determine if it is eligible. For example, it must be for a promotion that has been published in the Gazette and it must have been received within the two-week timeframe. Applications which are ineligible or which are withdrawn during this process do not proceed any further.

When the two-week timeframe expires, some promotion review applications from promoted job applicants will lapse. This occurs because no APS employee has sought review of their promotion, meaning their promotion can be confirmed and their application for promotion review of another promotee becomes null and void.

Following assessment of an application as eligible, and once the promoting agency has confirmed the accuracy of the application, the application moves to the next stage of the promotion review process.

### **Proceeding to promotion review**

Once applications are confirmed as eligible, they are sorted into groups based on common elements (we may group all applications for promotion review for a vacancy in a particular location). Each grouping of applications is called a promotion review case.

We formally notify the promoting agency and all parties to a promotion review case that it will proceed. The parties to the review are all the promotion review applicants for the vacancy as well as the APS employees promoted to the vacancy. The promoting agency is asked to provide documents which in summary explain how they arrived at the promotion decision. The parties are asked to provide a statement which outlines their claims of merit for the promotion under review.

On occasion an agency will notify promotions from an advertised vacancy (typically where multiple positions are to be filled) over several Gazettes. In these cases we will place the promotion review case on hold until all promotions associated with that vacancy have been notified.

### **The Promotion Review Committee process and decision**

As the processes described above occur, we will form the Promotion Review Committee (PRC) for the case. A PRC comprises a convenor (a staff member of the MPC), an APS employee nominated by the agency known as the agency nominee and an APS employee nominated by the MPC who is a volunteer. There are generally many cases occurring concurrently, so at any given time the MPC will have multiple PRCs operating.

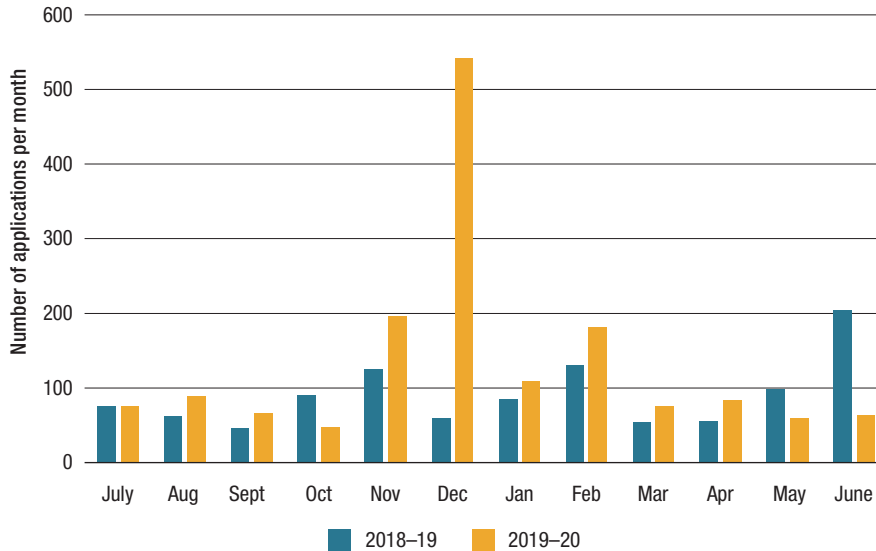
The PRC is provided with all the documents to read and consider and meets to discuss the parties' claims for promotion. If the PRC considers it necessary, they may also conduct interviews with parties to a promotion review. The PRC then decides, on the basis of merit, whether the promotion notified in the APS Gazette stands or if an applicant for promotion review is to be promoted instead. The PRC decision is final and must be implemented by the promoting agency.

### **Applications received**

In 2019–20, the MPC received a total of 1,590 applications for a promotion review. This represents a 46 per cent increase from the 1,089 applications in 2018–19 (see Figure 2).

This increase in the number of applications for promotion review in 2019–20 was associated with a surge in recruitment activity between November 2019 and April 2020, which took place in large agencies (most notably the ATO). Figure 3 shows the number of applications received by month this financial year compared to last financial year.

**Figure 3: Promotion review applications received by month, 2018–19 to 2019–20**



During November and December 2019, we received 739 applications for promotion review compared to 188 applications received for the same period in 2018. This represents an increase of 293 per cent.

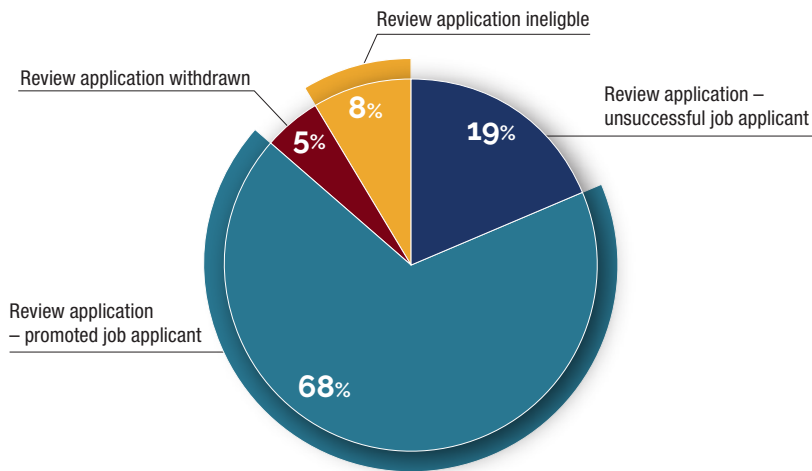
Of the 739 applications, 559 were related to promotions notified by the ATO, which represented 75.6 per cent of the total applications received during November and December 2019. This compares to the same period in 2018, where applications for review of ATO promotions represented only four per cent of all applications (eight out of 188).

January to April 2020 was the second period where the office received increased numbers of applications compared to the same period in 2019. In total we received 451 applications for promotion review during this period in 2020, compared to 327 in 2019. This represents an increase of 38 per cent.

In a following section we discuss how the office responded to the steep increase of applications that occurred between November 2019 and April 2020.

As outlined in ‘The promotion review process’, applications are received from APS job applicants unsuccessful in gaining promotion (called unsuccessful job applicants), and APS job applicants successful in being promoted (called promoted job applicants). A number of these review applications will be assessed as ineligible and some will be withdrawn during the assessment process. The composition of review applications by these types is illustrated in Figure 4.

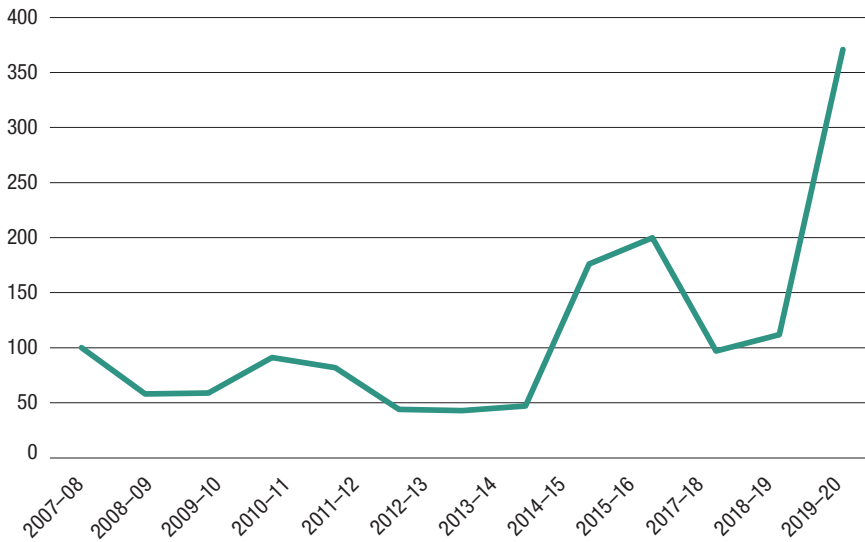
**Figure 4: Promotion review applications by applicant type, 2019–20**



As outlined in ‘The promotion review process’, promotion review applications from promoted job applicants will often lapse when the two-week period in which to make applications has closed. This occurs because no APS employee has sought review of their promotion, meaning their promotion can be confirmed and their application for promotion review of another promoted applicant becomes null and void. From October 2019 we commenced recording the number of applications that had lapsed. From 11 October 2019 to 30 June 2020, 293 lapsed applications were recorded.

The number of applications from unsuccessful job applicants increased significantly during 2019–20, compared to previous years as shown in Figure 5.

**Figure 5: Trends in promotion review applications from unsuccessful job applicants, 2007–08 to 2019–20**



### Promotion review caseload

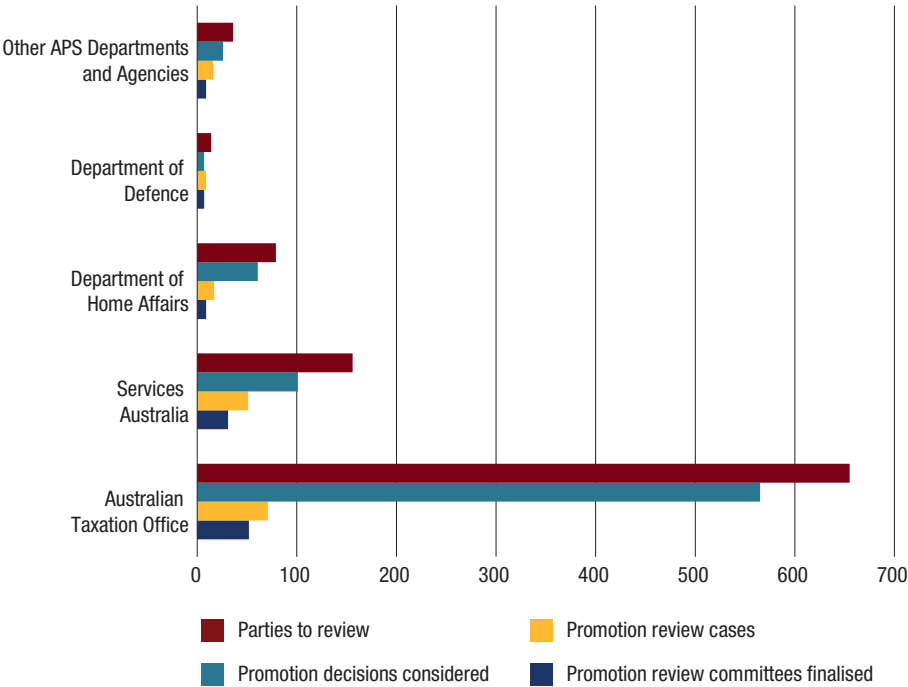
In 2019–20, both the number of applications for promotion review and the scale of promotion review exercises increased. We formed a total of 164 promotion review cases with a total of 1,268 participating parties.

Out of these 164 cases, nine were on hand at the end of 2019–20, and the remaining 155 cases were finalised during 2019–20. Of the 155 cases, 47 did not proceed to review by a Promotion Review Committee because one or more applications were ineligible, lapsed or were withdrawn. The remaining 108 cases were reviewed by 108 Promotion Review Committees involving 940 parties. Of the 940 parties, 180 (19 per cent) were unsuccessful job applicants and 760 (81 per cent) were promoted job applicants.

The promotion review cases involved 10 departments and agencies. Figure 6 shows, by agency, the total number of promotion review cases established for that agency along with the number of promotion review decisions considered, total number of parties involved in the reviews, and the number of Promotion Review Committees finalised.



Figure 6: Promotion review workload by agency, 2019–20



During 2019–20, the largest number of parties to a promotion review for a single recruitment exercise was 52. This compares with 71 in 2018–19 and 38 in 2017–18. Twenty-four other promotion review cases had 10 or more promotion review parties, compared with nine in 2018–19 and six in 2017–18.

Promotion Review Committee outcomes

Promotion Review Committees varied four (0.53 per cent) of the 760 promotion decisions reviewed compared with 2018–19 where two (0.51 per cent) of the 392 promotion decisions reviewed were varied. The percentage of promotion decisions varied in 2017–18 was 0.41 per cent and in 2016–17 was 0.49 per cent. When a Promotion Review Committee varies a decision, it means the committee determines on the basis of merit that a review applicant was more meritorious for the position than the APS employee chosen by the agency’s selection panel. In these cases the committee’s decision is determinative and final.

### **Performance against timeliness key performance indicators**

The performance target for conducting promotion reviews is that 75 per cent will be completed within either eight or 12 weeks of the closing date for an application, depending on the number of parties to a promotion review. That is, eight weeks for up to 10 parties and 12 weeks for 10 or more parties to a review.

We completed 78.1 per cent of promotion reviews within target timeframes during 2019–20 compared to 95 per cent during 2018–19.

### **Managing the surge in promotion review applications**

As noted above, while we met our key performance indicator for timeliness, there was a notable decrease in the number of promotion reviews completed within the timeframe compared to last financial year. Of particular note, 34 of the 155 reviews finalised were not completed within their target time. Of those 34 reviews, 33 were Promotion Review Committees formed from applications for promotion review received in the period November 2019 to February 2020. In that period we experienced an unexpected increase in applications for review with the majority relating to promotions from the ATO.

The promotion review function in the office is supported by a small team of two administration officers. During November 2019 to February 2020, these two officers were not able to process the volume of applications within our usual timeframes and required assistance. In response to the surge in applications, we took these actions:

- During January 2020, all staff were temporarily reassigned to assist with answering telephone and email enquiries, assessing applications for validity and compiling documents for the relevant Promotion Review Committee as well as other administrative tasks relating to other functions of the MPC normally undertaken by the two Promotion Review administration officers.
- Early engagement with the ATO occurred in January 2020 to open lines of communication and facilitate timely exchange of required information and documentation. This included assisting the ATO with information for an in-house information session for their employees on the promotion review process. MPC staff later gave two presentations to ATO on the promotion review process.
- The MPC's casual convenors were briefed on the volume of work and their attendance to convening duties.
- A similar briefing was provided to MPC nominees across the APS.
- Suitably qualified and experienced ongoing MPC staff were allocated as convenors and MPC nominees to sit on Promotion Review Committees.

- Casual staff were engaged to assist in administration and logistics, with two further casual staff engaged in the role of convenor on a number of Promotion Review Committees.

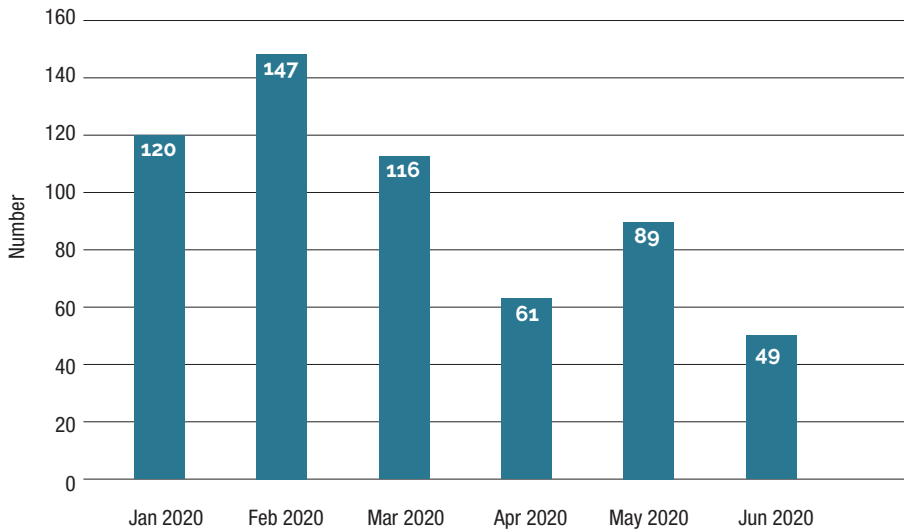
The ATO provided assistance between 11 March to 30 June 2020 by funding an additional administration officer to assist with promotion review administration and logistics.

The ATO now advises the MPC in advance of the intended notifications of promotions in the *APS Gazette* with a focus on those arising from large recruitment actions. The MPC made the same request during meetings with stakeholders from other large APS agencies. During 2020–21, the MPC will write to all Chief Operating Officers of medium to large agencies to request they provide similar advice to the office in advance of intended notifications of promotions from large recruitment actions. This will assist in ensuring we have the right resources, in the right place, at the right time so that applications for promotion review can be dealt with as expeditiously as possible.

### **Promotion review telephone and email enquiries**

In addition to processing, administering and conducting promotion reviews, the office receives a large number of enquiries by phone and email about promotion reviews. This workload has not previously been captured in our caseload numbers but forms an important part of the work done primarily by the two promotion review administration officers.

From 21 January 2020, we began capturing data for incoming telephone enquiries. Between 21 January and 30 June 2020, the office recorded 723 telephone enquiries. Of these, 582 related to promotion reviews, which represents 80 per cent of all telephone enquiries received.

**Figure 7: Promotion review telephone enquiries by month (January to June 2020)**

Of the 582 promotion review telephone enquiries received:

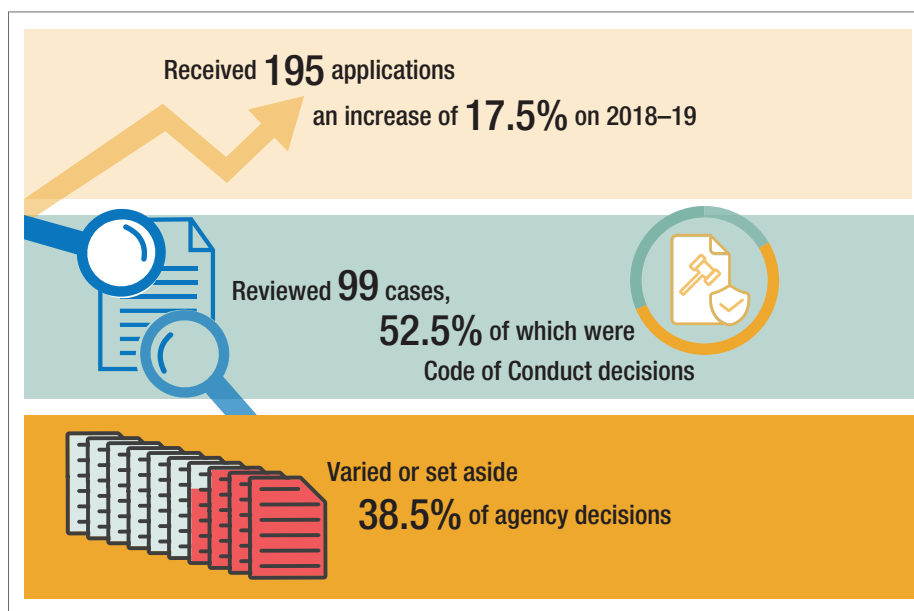
- 357 concerned a current promotion review case (61 per cent)
- 222 were general enquiries about the promotion review scheme (38 per cent)
- 2 concerned a finalised promotion review case (less than 1 per cent)
- 1 was categorised as ‘other’ (less than 1 per cent).

By agency, the breakdown of promotion review telephone enquiries was:

- 317 concerned the ATO (54 per cent)
- 77 concerned Services Australia (13 per cent)
- 44 concerned the Department of Home Affairs (8 per cent)
- the remaining 144 phone calls were from employees enquiring about promotions in four other agencies or were callers who did not disclose the identity of the agency (25 per cent).

We received 386 email enquiries about promotion reviews during 2019–20.

## Reviews of other actions



Our most resource-intensive function is undertaking reviews of general employment matters where there is some form of disagreement or dispute between the APS employee and their agency. An APS employee can only make an application for review of an employment related action or decision that affects them personally. As described in ‘Statutory functions and responsibilities’, employees can make applications:

- directly to the MPC (primary reviews)
- through their agencies following a request for internal review (secondary reviews).

For most matters, employees must first seek an internal review by their agency before applying to the MPC.

We conduct merits review. This requires the MPC to step into the shoes of the decision maker and reconsider the facts, law and policy aspects of the original decision to determine the correct or preferable decision. The MPC’s powers extend to making recommendations to agencies about the matters under review. Our recommendations consider the rights and interests of the employee together with the operational and business priorities of the agency and are informed by the Australian Public Service Values and Employment Principles and good people management practice.

## Applications received

The headcount for the APS in June 2020 was 150,474.<sup>2</sup> Agencies reported that they finalised 333 internal reviews under the Review of Actions scheme in 2018–19<sup>3</sup> (latest data available at the time of writing).

In 2019–20, the MPC received 195 applications for review from employees in 24 of the 112 agencies staffed under the Public Service Act. This represents a 17.5 per cent increase in applications on 2018–19. Of these applications, 101 were secondary review applications, that is, applications that had already been reviewed or considered by the agency.

Our total review caseload for 2019–20 was 230 cases comprising 195 applications received during the reporting year and 35 applications carried over from the previous reporting year.

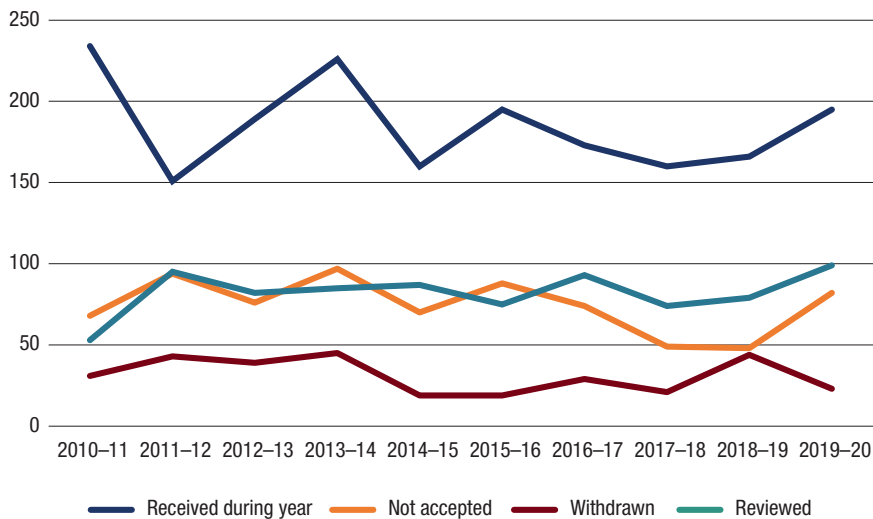
Although only a small proportion of the APS workforce seeks to have actions and decisions formally reviewed, these reviews frequently concern significant issues affecting an individual employee, for example their professional reputation or their capacity to balance the competing demands of work and home. The matters we review may also raise concerns about the effectiveness of decision making and people management practices, in particular workplaces and agencies.

Figure 8 demonstrates the number of applications for review made to the MPC over the past 10 years. It shows that total applications over the decade is variable year to year. After a dip in applications in 2017–18, the total number trended slightly upwards over the last two financial years.

<sup>2</sup> From the APS Employment Database June 2020 release available at <https://www.apsc.gov.au/aps-employment-data-30-june-2020-0>

<sup>3</sup> Agency survey for the 2018–19 *State of the Service* report

Figure 8: Number of review applications, 2010–11 to 2019–20



Note: Table 3 in Appendix B has information on the number of applications for review (other than promotion review) received and reviews completed in 2019–20 compared with 2018–19.

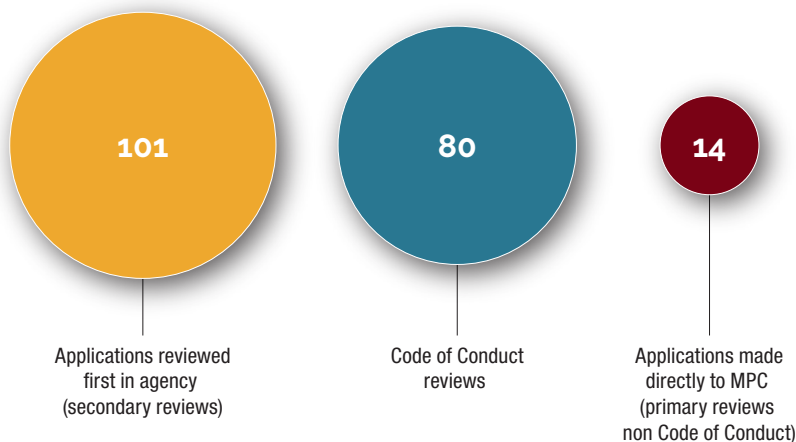
Types of applications

We explain in ‘Statutory functions and responsibilities’, the circumstances in which employees can make applications:

- directly to the MPC (primary reviews) or
- through their agency to the MPC (secondary reviews).

Figure 9 shows the number of applications for the main categories of review made to the MPC in the reporting year.

**Figure 9: Applications by category of review, 2019–20**



Note: Code of Conduct reviews includes two applications from former employees. Applications made directly to the MPC (primary reviews non Code of Conduct) are matters where it is not appropriate for agency to do internal review.

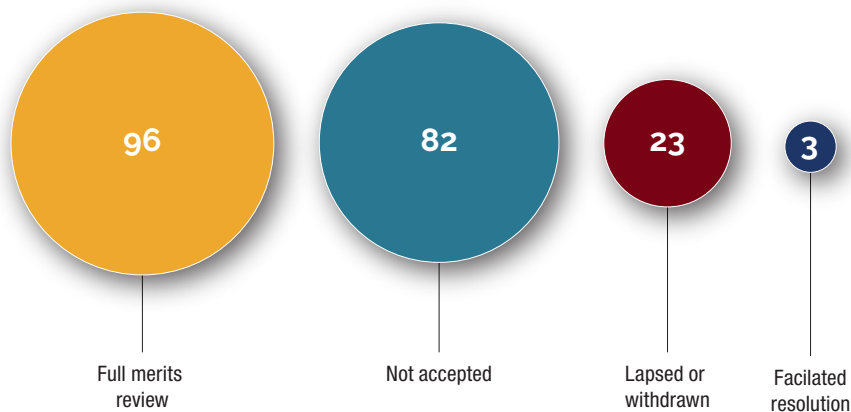
### Treatment of applications

We finalised 204 review applications compared with 171 in 2018–19, an increase of 19 per cent. The increase in applications was matched by the increase in finalised cases. This was a good outcome as the office was at the same time experiencing a surge in promotion review work (see ‘Review of promotion decisions’). We were able to manage the additional promotion review work without creating a backlog or delays in our general review casework.

As shown in Figure 10, 47 per cent of all applications proceeded to full merits review, while 40 per cent were not accepted for review (see ‘Applications not accepted for review’). A smaller number of applications were resolved through facilitated resolution (1.5 per cent) or were withdrawn or lapsed (11 per cent). An application will lapse usually because the applicant left APS employment while the review was underway.



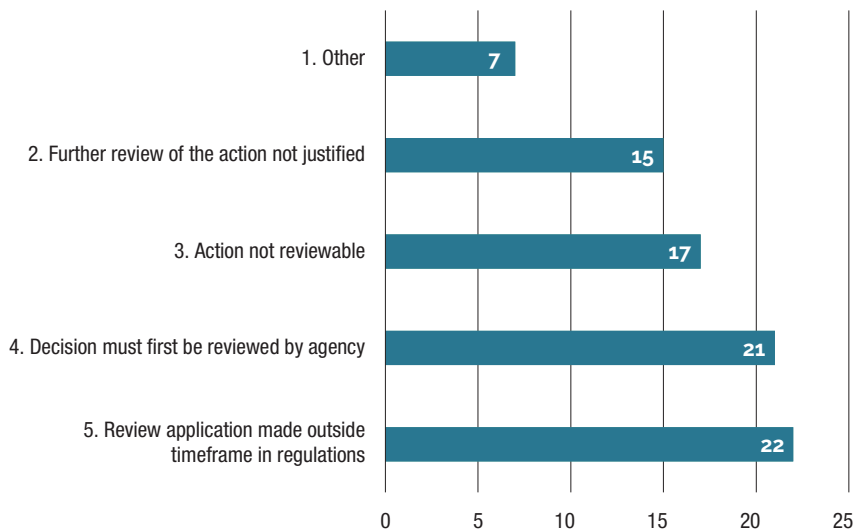
Figure 10: Treatment of applications, 2019–20



Applications not accepted for review

The reasons for not accepting 82 of the 204 applications fall into five categories, as illustrated by Figure 11.

Figure 11: Reasons why applications for review were not accepted, 2019–20



Note: The 'Other' category includes cases where applications for review were rejected for other reasons including because the review applicant was not eligible (that is, was a former employee) or was already pursuing their matter in another jurisdiction (for example, at the Fair Work Commission).

Thirty per cent of cases not accepted for review were ineligible because, for example the employee has not first sought review by their agency. In cases of this sort we advise the employee of the correct process for seeking review of their concerns. In the remaining 70 per cent of matters we first assess of the facts of the case against the criteria in the regulations and then give written reasons for our decision not to accept the application (reasons 2, 3 and 5 in Figure 11).

### **Review or further review is not justified in all the circumstances**

Public Service Regulation 5.23(3)(g) gives the MPC a broad discretion not to review matters where review, or further review, is not otherwise justified in all the circumstances. The MPC has published a policy on the exercise of this discretion on [www.meritprotectioncommission.gov.au](http://www.meritprotectioncommission.gov.au)

An employee sought review of comments made by her manager in her end-cycle performance rating. The employee had received a satisfactory rating but was concerned by the manager's reservations about the employee's behaviour in some incidents. The manager advised that he intended to set clearer expectations for the next performance cycle. The employee disputed the manager's assessment of her behaviour and wanted the comments removed from her performance agreement.

We decided not to review this matter on the basis that little would be achieved by conducting a review. The information on the review file did not on face value indicate any reason to be concerned about the manager's behaviour or the fairness of his judgements. We considered that an inquiry into the employee's concerns would be unlikely to prove or disprove the manager's opinions, or the truth of the employee's assertions. In addition, there was no evidence that the employee had been adversely affected by the manager's actions.

As outlined in 'Reviews of a Promotion Decisions', an employee can only seek review of a promotion for jobs at the APS 1 to 6 classification levels. This review option is not available for jobs at the Executive Level 1 and 2 classifications. However, a review of these promotions can be sought under the Review of Other Actions part of the scheme but can only be made on grounds of an alleged serious defect in the selection process.

Twelve per cent (10) of cases we assessed as ineligible for review raised concerns about the way review applicants were treated in agency recruitment processes for jobs at the Executive Level 1 and 2 classifications. These were from employees who were concerned that their claims to promotion had not been fairly assessed. These applications were not eligible for review as none of the applicants established a *prima facie* case of serious defects in the selection process.

## Serious defects in a selection process for an Executive Level role

An employee sought review of the outcome of a selection process for an Executive Level role for which he was an unsuccessful applicant. The employee alleged that there were serious defects in the selection process. The employee was concerned that his suitability was assessed solely on the basis of a 30-minute interview and that other evidence he provided such as his curriculum vitae and application, was not considered.

Schedule 1 of the Public Service Regulations provides that applications for promotion to Executive Level roles are not reviewable except in circumstances where there are serious defects in the selection process.

We sought further information from the agency about the way the selection process was conducted, and considered the records kept by the selection committee. There were several hundred job applicants and the agency adopted a staged recruitment process, including quality assuring a proportion of candidate assessments. We were satisfied that appropriate regard was had to all the evidence about candidates while noting that the way candidates were questioned at interview could have given the impression that the selection panel lacked knowledge of the written information submitted by candidates.

We noted that a serious defect would need to be such that it would compel the selection process to be done again, meaning that any promotion decision arising from such an exercise could not stand. We identified several areas where the selection process could have been improved, including record keeping and candidate care, but considered there was not evidence of serious defects in the selection process.

“While I am unhappy with the outcome (and some of the judgments made in it) I understand your reasoning and what your position is as to why I do not have standing to seek a review. I appreciate the effort you have put into making it clear and understandable, something I feel was missing throughout the recruitment process.”

Review applicant—September 2019

## Review applications by agency

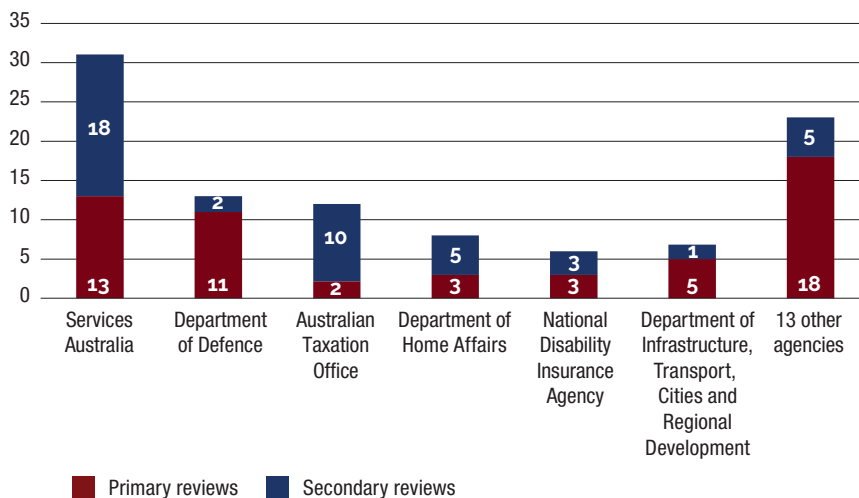
The 195 review applications received during the year were from employees in 24 agencies. The largest agencies by number of employees, Services Australia, the ATO, the Department of Defence and the Department of Home Affairs, comprise almost 55 per cent of APS employees and 72 per cent of review applications made to our office.

The largest number of applications (58) were made by employees in Services Australia, the largest agency in the APS with 30,121 employees.<sup>4</sup> The comparable figures for the next three largest agencies are:

- ATO—37 applications (18,487 employees)
- Department of Defence—25 applications (16,954 employees)
- Department of Home Affairs—21 applications (13,842 employees).

We reviewed 99 applications (96 by full merits review and three by facilitated resolution) for employees in 20 APS agencies as illustrated in Figure 12.

**Figure 12: Finalised reviews by agency, 2019–20**



Note: Table 5 in Appendix B provides greater details on the number of reviews by agency. The 'Other' agency category comprises of 13 agencies with less than five review applications each.

## Review outcomes

Of the 204 applications finalised for the year, 96 were the subject of a full merits review and a further three were finalised through facilitated resolution. In facilitated resolution matters, the merits review process has generally commenced but is discontinued when an opportunity to otherwise resolve the dispute is identified.

<sup>4</sup> APSC Statistical Bulletin December 2019

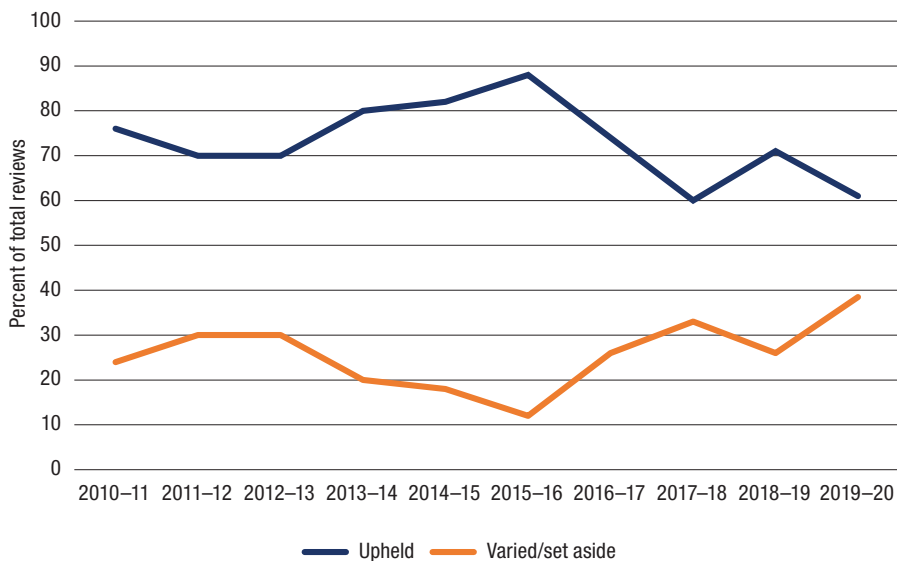
### Full merits review

In the 96 cases where we undertook a full merits review, we made a recommendation to the agency to do one of the following:

- uphold the original decision or action
- vary it in some way
- set it aside, including in some cases recommending an alternative outcome.

In 61 per cent of these cases (59 cases out of 96), we recommended that the agency decision or action be upheld. In 38.5 per cent of these cases (37 out of 96) we recommended the decision under review be varied or set aside. Figure 13 shows the proportion of cases upheld, varied or set aside over the last 10 financial years. It indicates that the proportion of recommendations to vary or set aside agency decisions has trended upwards over that period.

**Figure 13: Percentage of agency actions set aside/varied or upheld, 2010–11 to 2019–20**



We recommend that decisions be set aside for two key reasons—either there was a significant procedural error affecting the original decision or the original decision was not the appropriate decision on the merits of the case. This might include because there was insufficient evidence to support the decision maker’s conclusions about factual matters; the decision maker had misapplied an element of the Code of Conduct, an agency policy or enterprise agreement; or because insufficient regard was had to the special circumstances of the employee’s case.

### **Insufficient evidence to support a finding of misconduct**

An employee was found to have breached the Code of Conduct for making false and misleading statements about sustaining a workplace injury which was the subject of an application for workers compensation.

There was an incident after hours in the employee's workplace in which the employee claimed to have tripped and damaged his knee. The agency relied on CCTV footage of the incident, apparently contradictory statements made by the employee about his injury, and medical evidence of pre-existing damage due to wear and tear.

We found that the agency decision maker had misread one piece of evidence in a way that was unfairly adverse to the employee. The decision maker drew negative inferences from other evidence. In our opinion there were other plausible explanations for this evidence that involved no dishonesty on the part of the employee. We considered better evidence was necessary to make a finding that the employee had made false and misleading statements because of the serious nature of this finding. We recommended that the findings that the employee had failed to behave with honesty and integrity, and had improperly sought to obtain a benefit, be set aside.

Recommendations to vary decisions are made for a diverse range of reasons which might include, for example, recommending that an employee be granted additional leave or that the severity of a sanction imposed for a breach of the Code of Conduct be reduced.

### **New evidence leads to a recommendation to vary a decision**

An Executive Level employee sought review of his agency's calculation of his entitlement to time off in lieu (of overtime) for additional hours worked in excess of his ordinary hours of work. The employee had accrued an entitlement in one agency, when his work area moved to another agency as part of a machinery of government change. The new agency questioned the amount of time the employee claimed he had accrued.

The employee presented additional evidence to us about his hours of attendance. We accepted that the entitlement was not as large as the employee claimed, including because there is an expectation in the agency's enterprise agreement that Executive Level employees work reasonable additional hours without recompense. That amount was set at 30 minutes per day. However, on the basis of the evidence presented by the employee, it was clear that the employee's entitlement was a greater amount than offered by his new agency. On this basis we recommended that the entitlement be varied and that 30 hours of time off in lieu be granted.

Review outcomes from applications that proceed to full merits review vary depending on the type of action. In particular, each year we recommend that a higher proportion of Code of Conduct decisions be varied or set aside in comparison with other types of reviews.

In 2019–20, we recommended that 48 per cent (25 decisions) of Code of Conduct decisions be varied or set aside, in contrast with 28 per cent (11 decisions) of secondary reviews. A range of reasons that could explain this difference:

- For secondary reviews (employment matters that have already been considered by the agency), the agency has had an opportunity to correct any errors in a decision or the handling of a workplace issue. Secondary review matters may also be resolved through facilitated resolution, or an error or misstep in the process may not be material or significant enough to warrant the action or decision to be set aside or varied.
- Actions and decisions relating to Code of Conduct investigations and decisions are more formal and are the subject of significant requirements such as procedural fairness. Given the seriousness of consequences for employees, detailed attention is required to ensure fair and proportionate decision making as well as balanced and careful assessment of the evidence. An error or misstep in a code matter is more likely to be material and consequently result in a variation or set aside recommendation.

Agencies accepted all our review recommendations in 2019–20, noting that three responses were outstanding at 30 June 2020. In a small number of cases, agencies sought discussion with the MPC or her delegate on practical or legal issues arising from the recommendation.

### **Cases finalised through facilitated resolution**

In addition to the 96 cases subject to merits review, we finalised three cases through facilitated resolution. The Public Service Regulations<sup>5</sup> provide for employees' concerns to be resolved through less formal interventions, including alternative dispute resolution. Assisting an employer and employee to resolve a workplace dispute contributes to harmonious and productive workplaces. We have been placing increased emphasis on facilitating outcomes for suitable cases as an alternative to making formal review recommendations and have been formalising and consolidating our approach in this area.

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5 The policy on review in Regulation 5.1

### Facilitated resolution outcome

An employee sought review of his managers' decision to issue him with a warning, which was to be placed on his personnel file, and to counsel him, following complaints from team members that the employee had behaved discourteously. Some of the behaviour was directed towards the managers. The employee did not accept this action because he did not view the managers as disinterested or objective judges of the workplace situation.

In deciding to counsel and warn the employee, the managers had regard to conflicting evidence from colleagues about the employee's behaviour. They accepted the evidence of colleagues who alleged discourteous behaviour but appeared to disregard the conflicting evidence. The managers did not provide reasons for preferring one version of the events over another.

The agency had a workplace behaviour policy that put in place procedures for taking management action on bullying or discourteous behaviour. This policy required managers to take an informal approach and have a conversation with the employee before issuing warnings. This approach had not been taken in the employee's case. He was issued with a warning without any conversation taking place.

We had a discussion with the agency about inconsistencies between the managers' actions and the agency's policy. In those discussions, we encouraged the employee and agency to adopt a less formal approach to the workplace situation and to discuss the issues raised in the review application in a less adversarial way. In this case, the agency agreed to withdraw the warning and reprimand from the employee's file.

### Performance against timeliness key performance indicators

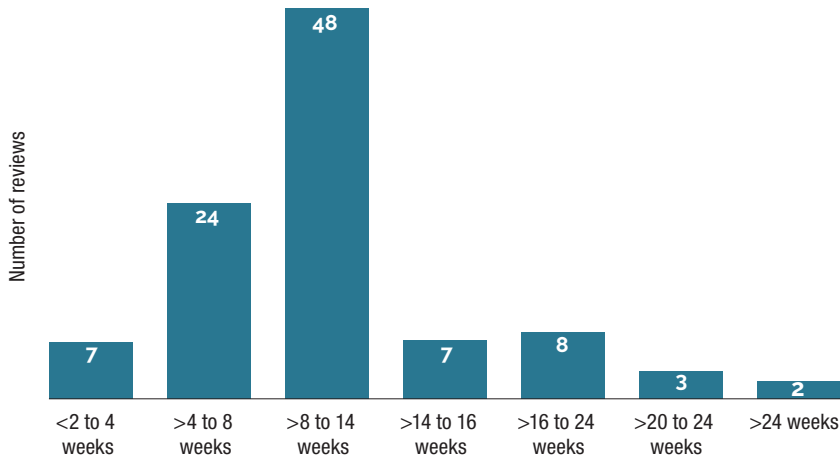
The performance target is that 75 per cent of reviews (other than promotion reviews) will be completed within 14 calendar weeks of receipt of an application (excluding time on hold). Review cases are put on hold when the review is not able to progress. We place cases on hold when we are waiting for information from either the agency or applicant, in the absence of which the review cannot progress. Cases are also put on hold for the APSC office closure over the Christmas and New Year period.

We exceeded our performance target in the reporting year, with 79.7 per cent of review cases finalised within the target timeframe (compared with 82 per cent in 2018–19).

The average time taken to finalise a case from date of application to date of decision was 15.8 weeks. Figure 14 shows the distribution of reviewed cases by length of time to complete the review. The time it takes us to complete reviews reflects our role as a merits review body. We need to consider the perspectives and concerns of both the employee and their agency and give reasons for our recommendations. As Figure 14 shows, 48 of the 99 cases reviewed (48 per cent) took between 8 to 14 weeks to complete.



**Figure 14: Distribution of finalised review applications by length of time to complete review (minus time on hold), 2019–20**



“Thank you for actioning this so quickly and across the Xmas/NY holiday period, it is appreciated. Whilst I am disappointed a financial sanction still applies I respect the process and your role as the reviewer.”

Review applicant—February 2020

### **MPC direct review of an action (primary reviews)**

As noted earlier, the MPC conducts direct review of three categories of matters:

- Code of Conduct (where review is sought of a breach or sanction decision)
- those where it is not appropriate for the agency to do an internal review and
- those that concern an action taken by a statutory office holder.

#### **Code of Conduct reviews**

APS employees and some former employees who are found to have breached the Code of Conduct can apply to the MPC for a review of the breach finding and/or the sanction. We estimate we review annually between five and 12 per cent of cases where employees or former employees are found to have breached the Code of Conduct or have been sanctioned.<sup>6</sup>

Our review work for Code of Conduct matters provides APS employees with independent scrutiny of a decision that can significantly affect an employee’s

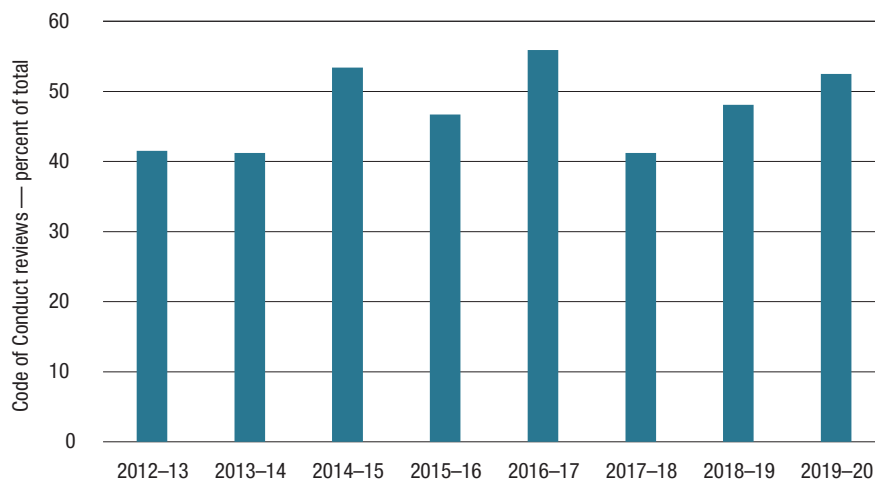
<sup>6</sup> By comparing the data in the APSC State of the Service reports on numbers of employees subject to disciplinary findings with the number of Code of Conduct reviews we conduct for the four year period from 2015–16 to 2018–19.

reputation and career prospects. Getting disciplinary decisions right is important to an agency's integrity culture. The reviews conducted by the MPC provide agencies with assurance that their decision making is robust, and consistent with the APS Values and Employment Principles and the policy principles which underpin the disciplinary arrangements in the APS.

During 2019–20, there were 80 applications for review of a decision that an employee had breached the Code of Conduct and/or the sanction received, comprising 78 applications from current employees and two applications from former employees. In addition, 21 cases were on hand on 1 July 2019. We reviewed 52 cases during the year, involving 42 employees.<sup>7</sup>

Code of Conduct cases accounted for 52.5 per cent of the 99 cases either reviewed or resolved through facilitated resolution. As Figure 15 demonstrates, reviews of Conduct decisions have been trending upwards as a proportion of total reviews, with the exception of 2017–18.

**Figure 15: Code of Conduct reviews as a proportion of total reviews, 2012–13 to 2019–20**



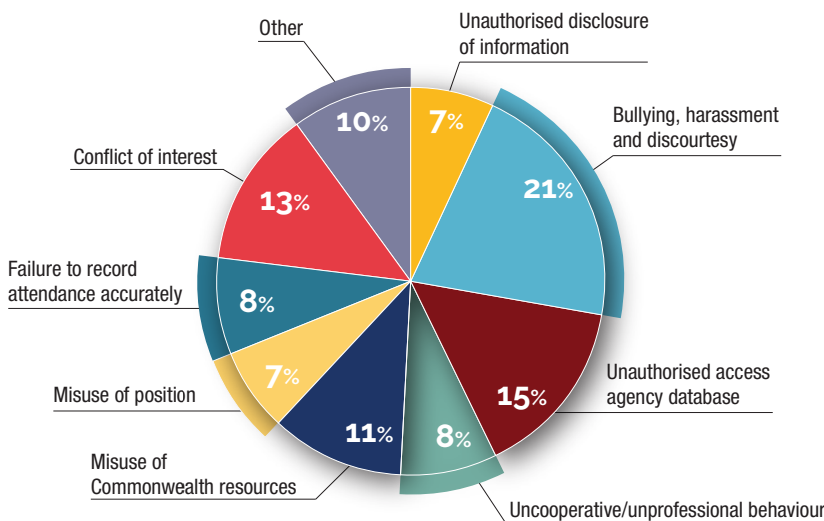
<sup>7</sup> Employees may apply separately for a review of a breach determination and the consequential sanction decision. Where this happens, it is counted as two cases, as each is a review of a separate action. This is the reason there are more cases than employees.

Of the 52 cases reviewed (40 current employees and one former employee) we recommended:

- decisions be upheld in 27 cases
- the finding of misconduct and/or sanction be set aside in 13 cases
- the findings be varied in 12 cases.

Figure 16 and Table 7 in the Appendix B provide a breakdown of the categories of behavioural concerns that were the subject of Code of Conduct reviews.

**Figure 16: Code of Conduct cases reviewed by subject, 2019–20**



Code of Conduct reviews considered a broad range of behaviours. Bullying, harassing and discourteous behaviours were the largest group of cases, including three cases in which employees engaged in what was considered to be sexually harassing behaviour. Unauthorised access to customer data in agency databases was the next most significant behaviour.

## Sexual harassment

Three employees were breached and sanctioned for behaviours that in our view amounted to sexual harassment. In the first case, the employee, who was in a leadership role, made jokes of a sexual nature on two occasions to two colleagues, including suggesting to one colleague that they get a room in a hotel together at lunch time. The employee was reduced in classification for this behaviour. We were satisfied that the sanction was appropriate in light of the employee's seniority and length of employment in the APS. The employee should have been in no doubt about the expected standards of behaviour. In addition, on review the employee appeared to be diminishing the seriousness of the conduct and his culpability, firstly by submitting that his behaviour was friendly banter with colleagues and secondly by questioning the findings of fact made during the investigation. We recommended that the sanction be confirmed.

In the second case the employee was reduced in salary for comments he made on a messaging platform to a colleague indicating that he was romantically attached to her and wished to pursue a relationship. The colleague asked him to desist but the employee repeated the behaviour after an interval. The employee indicated in his response to the investigation that he understood the seriousness of his behaviour and expressed remorse. We confirmed a reduction in salary as the appropriate sanction.

In the third case we reviewed a finding that an employee had breached the Code of Conduct for engaging in unsolicited and unwanted physical sexual advances to a colleague at a work social function while drunk. We found a procedural error with respect to a finding of fact which had not been put to the employee as an allegation and which concerned behaviour in the workplace after these events. We confirmed the findings of fact and most of the findings of breach in this case. The employee did not seek review of the sanction decision.

Concern about conflict of interest was a feature in a number of cases including cases of unauthorised access to customer databases and outside employment. Conflict of interest is a complex area of judgement and decision making. From our casework, we have observed that some agencies' conflict of interest policies do not provide sufficient guidance to employees and managers on the management of conflicts of interest. We raised the possible need for stronger guidance for agencies on this topic with the APSC as well in discussion with agencies when providing feedback on the lessons learned from review work. We also published a tip sheet on managing conflicts of interest.

### **Conflict of interest in providing services to clients**

An employee working in a client service role was found to have failed to declare a conflict of interest by failing to declare that she had served clients who were family members of her manager and colleagues. The employee argued that she had not done anything inappropriate as she did not know the clients personally and that she was behaving in a way consistent with agency policies.

The agency provides equitable levels of service to the Australian community through call centres, shop fronts and online. The concern was that clients were getting preferential service by being able to ring the employee direct. The agency policy recognised that conflicts of interest arise when family members of employees seek services from offices in which their relatives work and required staff to get approval from their manager before serving such a client and accessing the client's records.

We noted that the agency's policy document did not adequately deal with the situation where the manager is conflicted because it is one of their family members who are seeking a service. We drew this omission to the attention of the agency.

### **Reviews by the MPC where it was not appropriate for the agency to do internal review**

We received 14 applications requesting that the MPC conduct a review for matters that would, in normal circumstances, be reviewed first in the agency. In 13 of these cases, the employee requested the MPC conduct the review and in one case the agency referred the matter to the MPC for review.

In 11 of these cases we declined to conduct the review, including because the:

- review applicant had not made a case for having the review conducted by the MPC rather than the agency
- application was made outside of the statutory timeframe
- action was not reviewable as defined in the Public Service Regulations
- applicant had ceased being an APS employee
- applicant had lodged an application on the same issue in another jurisdiction (for example the Fair Work Commission).

We conducted a review in the remaining three cases. In each of these three cases we accepted the review because the relevant agency head was involved in matters that were the subject of the review.

These cases concerned a dispute about leave entitlements; a dispute about a direction issued to the employee at the request of the agency head about the employee's attendance and behaviour; and an unsatisfactory performance rating.

We recommended that the agency's decision in two of the three matters be upheld. We recommended that the unsatisfactory performance rating be set aside because there was insufficient evidence supporting a number of the claims about the employee's alleged performance deficits and there were significant mitigating factors that explained any shortcomings in the employee's performance in other areas. The agency accepted the review recommendation in this case.

### Reviews of actions by statutory office holders

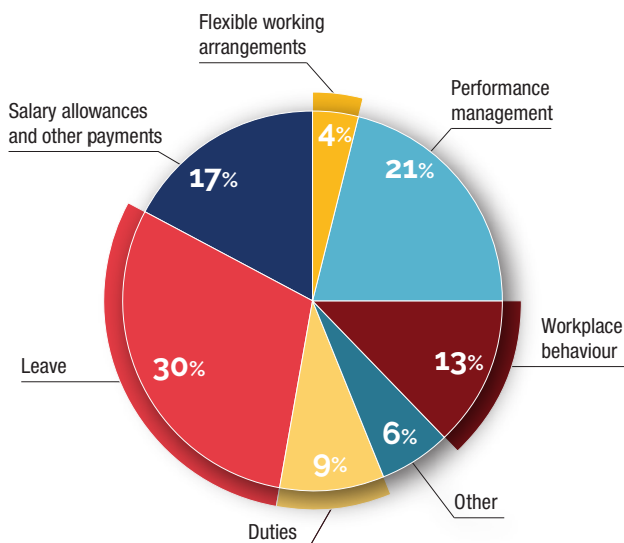
We received no applications from APS employees requesting review of the actions of statutory office holders.

### MPC review of an action following internal agency review (secondary reviews)

During 2019–20, there were 101 applications for secondary review of employment matters, with 14 on hand on 1 July 2019. We reviewed 47 applications, 44 of which were the subject of full merits review. Three applications were finalised through facilitated resolution.

Figure 17 provides a breakdown by subject matter of the 44 secondary review applications that were reviewed.

**Figure 17: Secondary review cases by subject, 2019–20**



Disputes about leave formed the largest proportion of this category of reviews (13 cases out of 44). A number of these concerned employees who had exhausted their entitlements to sick and carers leave. They also concerned cases where managers had refused to grant leave for unscheduled absences and treated the employee's absence as unauthorised.

### **Leave and unauthorised absence**

An unauthorised absence may occur where an employee is absent without approval, including where managers decline to approve leave.

An employee with a history of unscheduled absence due to illness sought review of his manager's decision to treat two absences as unauthorised rather than grant personal leave without pay. The employee had been assessed by an employer-nominated medical practitioner as fit for duty as part of a graduated return to full-time work. The employee was issued a direction by his manager to return to work on this basis. The direction required the employee to provide medical evidence with a particular level of detail in support of absences from work due to illness.

Following the employee's return to work, a second direction was issued by the employee's manager, advising that no future requests for unpaid personal leave would be approved. Thereafter, the employee took additional sick leave for which they had medical certificates.

The agency's enterprise agreement provided a discretion for managers to grant personal leave without pay when an employee has exhausted their entitlement to paid sick leave.

We considered that the manager had effectively withdrawn a future entitlement to leave on each occasion that the need for leave arose. This included leave for illnesses that were unrelated to the medical condition that resulted in the requirement to refer the employee for medical assessment. We considered that the manager's advice about future leave applications was inconsistent with both the enterprise agreement and the principles of administrative law. In particular, a decision maker cannot state that they will decline to consider a current or future application regardless of the employee's circumstances. We recommended that the decision to refuse to grant personal leave without pay and to treat the employee's absences on two days as unauthorised be set aside and that the manager's letter be withdrawn.

In another case, we considered that a manager's decision to treat an employee's absence as unauthorised was fair and reasonable. In this case, the employee was assessed as fit for duty but had failed to comply with a direction to return to work. The employee was no longer responding to communication from the agency, including to offers of alternate work or requests to discuss the issue.

Disputes about performance management outcomes were the next largest category (9 out of 44 cases), all of which concerned judgements that the employee was underperforming. This included two requests for review of decisions to reduce the employee's classification level for unsatisfactory performance. Conducting a merits review of performance management outcomes can be challenging, requiring the reviewer to develop an understanding of the nature of the employee's job and the operational priorities of the work area. A common theme underpinning managers' concerns about employee performance is the employee's general capabilities typically with respect to analytical and problem-solving skills, level of output and communication.

### **Managing for underperformance**

An employee sought review of a decision to commence a managing underperformance process following a 'did not meet expectations' performance rating.

The employee was in a technical role conducting data modelling. The employee considered the performance rating unjustified because of his expertise and technical skills. The manager acknowledged the employee's technical skills but was concerned about the employee's capacity to deliver work in a timely way; work collaboratively with colleagues; and communicate clearly with an understanding of the needs of his audience.

The manager provided our review with a number of examples of the employee's work, explaining where the employee did not provide sufficient explanation of his results or demonstrate the ability to interpret the results in a way that met the needs of his audience. The manager also detailed a number of examples where the employee had not met deadlines.

The manager's detailed examples were persuasive. In addition, the employee was unable to convincingly rebut any of the evidence the manager presented. For these reasons, we were satisfied that the manager's assessment of the employee's performance was fair and reasonable and recommended that the decision to manage the employee for underperformance be upheld.

We published a tip sheet on our website during the reporting year to provide guidance to agency human resources staff on conducting merits review of performance management decisions.

The remainder of our review caseload covered a diverse range of employment concerns, from workplace behaviour, duties, salary and allowances. Access to flexible working arrangements formed a smaller percentage of the case load this reporting year than it did in 2018–19, perhaps reflecting the impact of COVID-19 on the working arrangements of APS employees, and, in particular, that a significant proportion of APS employees were required to work from home due to lockdowns.



## Feedback from review applicants

All applicants who receive a review recommendation are given the opportunity to provide feedback about their review experience through an anonymous online survey.

The response rate this reporting year was 34 per cent (32 respondents) compared to 26.5 per cent (18 respondents) in 2018–19.

Respondents were generally positive about the application process. When asked if they found it easy to make an application for review, 84 per cent of respondents said ‘yes’. Fifty-three per cent were positive about the ease with which they were able to access information on the MPC website while 67 per cent stated that, once they found the information they needed, they found it easy to understand.

Responses were more mixed about the review process. Fifty-six per cent of respondents felt they had the opportunity to put their case forward to the MPC but more than half wanted more progress updates. Only 23 per cent of respondents recalled being advised how long the review process was likely to take.

Respondents were generally positive about the way review recommendations were delivered although they indicated that they would have preferred to be given an opportunity to comment on the delegate’s recommendation before it was made. More than over 70 per cent indicated that the language in the letter or report, and its length, was appropriate. There was less enthusiasm for the way reasons were communicated and whether, as review applicants, survey respondents felt heard. Forty-one per cent felt that they were able to understand the reasons for the decision, while 31 per cent felt the information they provided was not taken into account.

While there was some criticism of the review process with only 38 per cent of respondents stating the review was completed in an independent and impartial way, and 34 per cent stating the review process was fair and equitable, 56 per cent stated they would recommend the process to a colleague. Fifty per cent were positive or neutral on whether the review process was worthwhile.

Responses indicating satisfaction with the outcome of the review appear to be influenced by whether the review was favourable to the employee. Every respondent who received a favourable outcome from their review, found the review independent, impartial and fair.

Some of the criticism of the review process reflected disappointment with the scope of the MPC’s powers and our capacity to consider concerns that are important to the review applicant but outside the scope of the review. Some respondents also expressed concern about the agency’s delays in responding to the recommendations made by the MPC on their application.

### Examples of responses

“Much of my initial contact with the MPC office was by phone. Staff were helpful and polite and the matter was concluded within the specified timeframe which rather impressed me.”

“I can only speak of my experience with [review adviser]. She was unbiased and looked thoroughly at all the facts put forward. Something that was not done at my agency’s level.”

“The delegate handling my case was professional, thorough and easy to talk to.”

“I would not recommend seeking review as MPC’s extremely limited scope makes the review redundant.”

“[There was] ... limited communication from MPC.”

Selection of comments from review applicants—2019–20

The review feedback survey is an important tool for assessing our clients’ experience of the Review of Actions scheme and informs our business process improvements, our communication with clients, including through the website, and our case handling practice. We collate the survey results twice a year and meet to discuss the findings. For example, we identified through the feedback survey that our clients wanted personal contact with the person handling their application. As a result we have introduced case handling standards that require telephone contact with review applicants within 10 days of receiving the application and, at a minimum, the offer of a telephone discussion about the review applicant’s concerns.

## Complaints about entitlements on separation

Under Part 7 of the Public Service Regulations, the MPC may investigate a complaint by a former APS employee that relates to the employee’s final entitlements on separation from the APS (Regulation 7.2).

We received five complaints, three of which were finalised through facilitated resolution and without the need for an investigation. One application was not accepted and one case was on hand at the end of the reporting year.

Three of the cases concerned the accuracy of leave entitlements paid out to the employee and one concerned a delay in making the final payment. One case concerned a refusal to give the person an Individual Flexibility Arrangement while an employee. As this concerned decisions made while the applicant was still an employee, it was outside the scope of the matters we can consider under Regulation 7.2.

## **Inquiry functions**

In 2019–20, there were no requests for the MPC to conduct an inquiry under any of the provisions outlined in section 50 of the Public Service Act.

## **Statutory services for APS agencies**

There are two statutory services that we can provide to APS agencies when requested—the first is to conduct an inquiry into an alleged breach of the Code of Conduct by an APS employee or former employee (section 50(1)(ca) and the second is to form an Independent Selection Advisory Committee for recruitment purposes (Part 4 of the Public Service Regulations). We charge a fee to provide both services to cover staff and other costs incurred when performing these statutory services.

### **Inquiries into breaches of the Code of Conduct**

We received one request from an agency to inquire into the conduct of three employees regarding their involvement in an issue relating to conflict of interest. Not all the employees gave their consent to the inquiry and we decided it would be impracticable to proceed with an inquiry in this circumstance.

We completed one inquiry into the conduct of an APS employee which was on hand at 1 July 2019. This matter was finalised without a finding of misconduct and with a recommendation that the agency address any behavioural concerns through its performance management procedures.

### **Independent Selection Advisory Committees**

We received no requests for Independent Selection Advisory Committees during the reporting period.

## **Recruitment and employment services for non-APS entities**

Under Regulation 7.4, the MPC can provide fee-for-service activities, such as staff selection services and investigation services for grievance and misconduct matters, to non-APS entities. Non-APS entities include non-APS Commonwealth agencies, state and territory government agencies and departments, local government entities, and private sector entities. We received no requests for services from non-APS entities or bodies during the reporting period.

### **3 Engagement, projects and accountability**



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## Stakeholder engagement and resources

In 2019–20, we continued our program of engagement and developing resources and publications for our stakeholders. Our key stakeholders are APS agencies, human resources practitioners, fraud and misconduct investigators, and employees.

One of the objectives of merits review is to improve the quality of agency decision making. To this end, the focus of our work with stakeholders is providing feedback and developing information resources on the lessons learned from reviews to assist in improving overall people management practice in the APS. We also aim to promote awareness and provide information about the functions of the MPC and the Review of Actions scheme.

### Engaging with our stakeholders

Our total number of contacts with stakeholders was lower than the previous year as a result of COVID-19—this was largely due to travel restrictions and changes in agency priorities (that is, focusing on dealing with pandemic-related issues). Between March and July 2020 many meetings and presentations that would have routinely occurred were cancelled or delayed.

During 2019–20 we:

- had 39 contacts with stakeholders comprising 30 meetings and 9 presentations
- had 19 meetings with senior managers in 10 APS agencies
- participated as guest speaker in four sessions on Code of Conduct decision making, the Review of Actions scheme and the MPC’s role as part of the APSC’s Senior Executive Service Orientation program
- provided written feedback to two APS agencies on key internal policies
- provided written feedback to the Australian Public Service Commissioner on APS-wide policy matters on two occasions
- held one meeting of the Sydney-based Review of Actions and Code of Conduct Community of Practice for APS practitioners
- received 723 telephone enquiries about the Review of Actions scheme and other matters.

Our Community of Practice for APS practitioners meetings were temporarily suspended as a result of COVID-19. We have worked towards conducting these meetings remotely and in way that is accessible to all attendees. We are also considering long-term changes which may allow expansion of the membership of this Community of Practice which is currently Sydney-based. We will report on these changes in next year’s annual report.

Our review function provides an assurance function for the way agencies are applying the APS Values and Employment Principles in managing their employees. One of our focuses is on the management of integrity issues in the APS. The MPC is a member of the Integrity Agencies Group, chaired by the Australian Public Service Commissioner, which met once during the reporting year. The MPC is also an independent member of the Audit Committee for the Office of the Inspector-General of Intelligence and Security.

The MPC meets quarterly with the four largest agencies in the APS to discuss the issues arising from the review casework. In addition, the MPC meets on an ad hoc basis with other agencies. These meetings provide an opportunity to give feedback on people management policies and integrity issues. They also provide an opportunity to work collaboratively with agencies. The MPC is grateful for the cooperation and assistance provided by the ATO in managing the surge in promotion review applications at the end of 2019, and for the valuable feedback on the draft tip sheets on the promotion review process.

“I just wanted to thank you again for your attendance yesterday and presentations to the teams. Both [agencies’ staff] feedback was that the information and discussions were extremely valuable and provide a better insight into your processes.”

Management of APS Code of Conduct matters presentation—August 2019

The MPC was interviewed for an article published in The Mandarin on 17 July 2019—*Underperformance in the public sector is difficult and painful: Linda Waugh talks about how to guide and advise a way through it.*

## Resources and information for our stakeholders

Our key statutory function is to conduct independent reviews of employment-related actions and the majority of office resources is directed toward performing this function. While this important work is focused on individual applications and cases, we also look for systemic issues and trends. We then use this information to develop resources and publications to assist our various stakeholder groups which include APS employees who make review applications, senior managers who take actions and make decisions that are reviewable under the legislation, and the agency practitioners who conduct internal agency reviews as well as Code of Conduct investigations.

During 2019–20, we commenced a project to develop tip sheets on topics and issues we identify through our review casework and from stakeholder feedback. We also continued to publish case summaries to illustrate the types of cases received, how they were reviewed, and any emerging issues in those matters. We also commenced a project to review and update our website.

### Tip sheets

We developed and published seven tip sheets—four concerning promotion reviews and three concerning reviews of other employment-related actions.

We identified the need for the four promotion review tip sheets from incoming phone enquiries and discussions with key stakeholders, particularly during the period when we received a three-fold increase in promotion review applications.

The tip sheets cover:

- how to apply for a promotion review
- what happens after an employee lodges a promotion review application
- ‘protective’ promotion review applications—what they are and how they work
- a quick guide to promotion review.

The second set of tip sheets arose from observations and issues identified through general review casework. The topics cover:

- issues agencies should consider when conducting internal reviews of performance management decisions
- the importance of managing conflicts of interest effectively and resources available to agencies to assist
- how to frame allegations when conducting a misconduct investigation.

### Published case summaries

Each year we identify topics from our review casework that will provide informative and instructive case studies for our stakeholder groups. These may be examples of good-quality decisions made by agencies which we upheld, or examples of errors or incorrectly applied policy resulting in decisions which we have recommended be set aside or varied. We published 12 case summaries during 2019–20 concerning decisions on a range of employment-related issues, including unauthorised absences from work, reviewing performance ratings and Code of Conduct (processes and decisions). The full set of case summaries can be found on our website.

## Review of our website

Our website is important to our stakeholders, and, in particular, APS employees who wish to lodge an application for review of a promotion decision or an employment-related action. Our website provides information about the Review of Actions scheme, the functions of the office, and how to lodge a review application for an employment related action, including an online application for promotion reviews. During 2019–20, we had 184,151 visitors to our website with the most visited website pages being:

- home page—23,623 views
- promotion review notifications—23,623 views
- general information on promotion reviews—31,923 views of three pages
- information on procedural fairness in employment decision making—8,527 views
- review application forms—4,712 views.

This year we commenced a major review and update of our website. We will be modernising our website and completing a significant restructure of our content to make it easier for our stakeholders to locate and search for information. We expect this work to be completed in 2020–21.

## Improving how we work and deliver services

During 2019–20, we focussed on projects to improve the way we work and how we deliver our services. This included induction programs for new staff and formalising our internal procedures manuals to ensure we have the resources available to our staff to allow them to more efficiently and effectively perform their duties.

### Induction program for new reviewers

During 2019–20, we formalised and implemented an induction program for new reviewers. The program is conducted over a two-week period, and provides new staff with the tools needed to ensure they can effectively fulfil their statutory roles and responsibilities. The program focuses on familiarising new reviewers with the employment framework in the APS including relevant legislation and APSC policy advice, the APS Values and Code of Conduct. It provides specific induction on key topics such as Code of Conduct and sanction decision making, performance management, bullying and harassment, workplace entitlements, and flexible work arrangements. The program also provides new reviewers with the fundamentals of privacy, Freedom Of Information, and protected information obligations as well as other governance issues such as the management of conflicts of interest and security briefings.

Participants in the first delivery of the program rated it as excellent and said it was highly relevant to their needs.



## Procedures manuals

We completed a comprehensive revision of our internal procedures manuals for reviews of actions, promotion reviews and recruitment activities (Independent Selection Advisory Committees). This was a substantial body of work which we used to review and improve our internal handling practices and to provide further support to staff undertaking these roles so they are able to make decisions and operate independently.

## Decision support tools for reviewers

We developed a site on the intranet for staff who conduct reviews. The site provides the resources and decision support tools staff need to manage cases and make decisions in a very diverse and sometimes complex jurisdiction. Staff can access, among other things, procedural manuals, template reports and correspondence, internal procedures, legal advice and case law on the site.

## Promotion reviews case management

In last year's annual report, we reported on the development of a GovTeams community to facilitate the digital exchange of information and documents for Promotion Review Committees. That work continued in 2019–20. Promotion Review Committees handle large volumes of personal information about the parties to the promotion review. We are satisfied that we have in place a secure and private document transmission and access process for promotion reviews that meets our responsibilities and accountabilities under the *Privacy Act 1988*.

APS agencies now have a simplified, more reliable and efficient mode of transmitting documentation to our office through uploading the relevant recruitment documentation direct to GovTeams. At present not all APS agencies are using GovTeams for this purpose. During 2020–21, we will work to have all APS agencies sending us information by direct upload to GovTeams. Promotion Review Committee members receive the information they need through GovTeams to perform their functions. Feedback from committee members was highly positive and the move to GovTeams has provided efficiency gains for the office through decreased handling time.

## Triage of incoming review applications

Our review of other actions cases are now assessed and allocated in accordance with our case prioritisation and triage model. This involves a *prima facie* assessment of applications for review of actions to determine priority and treatment. This assessment is made on the basis of the information presented in the application and the papers the agency provides to this office.

The assessment under the case prioritisation and triage model weighs all relevant factors that determine the treatment of the review case. It considers and balances a range of factors including the seriousness of the subject matter and the possible consequences for the review applicant, agency and this office.

## Governance and accountability

The APSC is included in the Department of the Prime Minister and Cabinet's Portfolio Budget Statements. The Australian Public Service Commissioner, as head of the APSC, is responsible for the APSC's financial and human resources and for assessing the level of its achievement against its outcome.

During 2019–20, the MPC had managerial responsibility for the work of the APSC employees made available to work in the Office of the MPC.

## Financial arrangements and corporate support

The MPC is neither a Commonwealth entity nor an accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013*. Rather, the MPC is a statutory officer appointed by the Governor-General under Section 52 of the Public Service Act. Section 49(2) of the Public Service Act requires that the staff necessary to assist the MPC must be engaged under that Act and made available by the Australian Public Service Commissioner. Consequently the MPC does not have a separate budget allocation and depends on the APSC for its staffing levels and resources more generally to undertake her functions.

For 2019–20, the MPC was allocated an annual budget (excluding corporate costs) of \$1.95 million and an average staffing level of 12.2.

The MPC and the Australian Public Service Commissioner have a memorandum of understanding for the provision of staff and corporate services. The current memorandum of understanding took effect in June 2015.

## Staffing and office locations

The MPC is based in the APSC's Sydney office and has staff in the APSC's Sydney and Canberra offices. During 2019–20, the MPC was supported by 12 staff in 11 ongoing positions. A number of staff were on temporary assignment largely backfilling staff on extended leave. Figure 1 shows the organisation chart. The 11 ongoing positions comprise:

- three positions at the EL2 level
- five positions at the EL1 level
- one position at the APS 6 level
- one position at the APS 5 level
- one position in the APS level 3/4 broadband.

The small number of staff means we are organised along functional lines, with staff performing more than one function and reporting to one or more supervisors. The main functional and team areas are: reviews of actions and promotion review casework; policy and projects; fee for service casework; and MPC inquiries.

The MPC also maintains a register of suitably skilled people who are engaged as casual employees at the Executive Level 1 or 2. These staff may be engaged as required for irregular or intermittent duties (for example, to chair a Promotion Review Committee or undertake fee for service activities). There were 18 employees listed as casual employees during 2019–20. Throughout the year, casual employees undertook work equivalent to approximately one average staffing levels.

## Interaction of the roles of the Merit Protection Commissioner and the Australian Public Service Commissioner

The respective responsibilities of the MPC and the Australian Public Service Commissioner are established in the Public Service Act. The roles are complementary, particularly in relation to maintaining confidence in public administration.

The Australian Public Service Commissioner is responsible for upholding high standards of integrity and conduct in the APS. The MPC assists by ensuring consistent standards of decision making and people management practices across the APS, and by providing an important assurance role for the APS. This assurance is provided by reviewing individual actions or decisions for consistency with the APS Values and other administrative law requirements, and by conducting reviews of determinations of breaches of the Code of Conduct and/or sanctions.

## Business planning and risk management

During 2019–20, we finalised our two-year business plan which sets out our objectives and priorities to:

- engage with our stakeholders
- build capacity internally and externally
- innovate for better service delivery and discharge of functions
- enhance our governance and accountability.

We also completed an internal risk assessment, identifying our key operational and corporate risks and actions to mitigate higher risks. These actions have been incorporated into our business plan as projects to be completed over the next two financial years.

## Freedom of information and privacy

We received and finalised six applications under the Freedom of Information Act during 2019–20. Three requests were for papers relating to the applicant's review of action case file and two requests related to promotion review decisions. The remaining case was for any document containing the applicant's personal information and was closed as no documents were found.

Two requests were withdrawn after we provided the information to the applicant outside the Freedom of Information Act framework. In three cases, we released the documents sought by the applicant, in one case with some redactions.

There were no privacy breaches notified to the Office of the Australian Privacy Commissioner and no privacy complaints received by the MPC in 2019–20.

## Information publication scheme

Information on the MPC and her role and functions is available on her website:

<https://www.meritprotectioncommission.gov.au>

Information is also in the APSC's plan, which is available at:

<https://www.apsc.gov.au/information-publication-scheme-ips>

## 4 The year ahead

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## Priorities in 2020–21

2020–21 offers unique challenges with COVID-19 continuing to have an impact on APS working arrangements and the traditional ways the MPC has engaged with stakeholders. A key priority for 2020–21 will be using technology to continue engaging with APS employees and agencies to provide guidance on good practice in decision making and people management. The MPC will continue to adapt to provide this information in accessible ways such as by:

- publishing tip sheets, case summaries and good practice guides for agency decision makers on our website
- reviewing and updating our website to ensure easier navigation for our stakeholders and removing out-of-date or superseded information
- engaging with stakeholders by way of video conference and teleconference
- conducting webinars with key stakeholder groups
- seeking additional stakeholder feedback by broadening our feedback survey to new client groups.

Consistent with previous years, the priorities for 2021–22 also include:

- raising the profile of the office with APS employees and agencies by implementing our communication and engagement strategy and redeveloping the MPC's website
- continuously improving the quality and timeliness of our work, including through effective mentoring and by supporting the ongoing professional development of review staff
- supporting agencies in complex case management, including through the Code of Conduct inquiry service
- continuing to implement effective and accountable governance arrangements and risk management processes for the office
- working with the APSC on integrity and people management issues and better integrating lessons learned from review work to inform policy development.

# Appendices



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## Appendix A

### The Merit Protection Commissioner's Statutory Functions

Function of the Merit Protection Commissioner	Statutory authority—APS
<p>Review of Actions scheme—other employment-related actions.</p> <p>(This includes Code of Conduct reviews, primary reviews of other matters and secondary reviews.)</p>	<p><i>Public Service Act 1999</i> Section 33 and Subsection 50(1)(d)</p> <p>Subsection 50(1)(d) provides for review functions to be prescribed by regulations</p> <p>Public Service Regulations Part 5 Regulations 5.1, 5.2, 5.4, 5.5, 5.22–5.37 Schedule 1 to the Public Service Regulations</p>
<p>Review of Actions scheme—promotion and engagement. (This involves merit-based review of promotion decisions and engagement decisions of certain Parliamentary Service employees.)</p>	<p><i>Public Service Act 1999</i> Section 33 and Subsection 50(1)(d)</p> <p>Public Service Regulations Part 5 Regulations 5.1, 5.2, 5.3, 5.5, 5.6–5.21</p>
<p>Review of an agency's determination that a former employee breached the Code of Conduct for behaviour they engaged in while an employee.</p>	<p><i>Public Service Act 1999</i> Section 33 and Subsection 50(1)(ca)</p> <p>Public Service Regulations Part 7, Division 7.3</p>
<p>Review actions of statutory office holders who are not agency heads that relate to an employee's APS employment.</p>	<p><i>Public Service Act 1999</i> Section 33 and Subsection 50(1)(d)</p> <p>Public Service Regulations Part 7, Division 7.4</p>
<p>Inquire into:</p> <ul style="list-style-type: none"> <li>– a PID alleging a breach of the Code of Conduct</li> <li>– the APS Commissioner for an alleged breach of the Code of Conduct</li> <li>– an APS action as requested by the Public Service Minister</li> <li>– whether a current or former APS employee has breached the Code of Conduct.</li> </ul>	<p><i>Public Service Act 1999</i> Subsection 50(1)(a) Subsection 50(2) – provisions relating to Merit Protection Commissioner's powers when conducting the inquiry Public Service Regulations Part 7 Division 7.1 (regulations 7.1 and 7.1A)</p> <p>Subsection 50(1)(b)</p> <p>Subsection 50(1)(c) and Subsection 50(2)</p> <p>Subsection 50(1)(ca) and Section 50A Public Service Regulations Part 7 Division 7.6 (Merit Protection Commissioner's procedures)</p>
<p>Investigate complaint by former employee relating to entitlements on separation.</p>	<p><i>Public Service Act 1999</i> Subsection 50(1)(e)</p> <p>Public Service Regulations Part 7, Division 7.2</p>
<p>Establish an Independent Selection Advisory Committee.</p>	<p><i>Public Service Act 1999</i> Subsection 50(1)(e)</p> <p>Public Service Regulations Part 4</p>
<p>Provide recruitment and employment-related services to any (non-APS) person or body on a fee for service basis.</p>	<p><i>Public Service Act 1999</i> Subsection 50(1)(e) and Subsection 50(3)</p> <p>Public Service Regulations Part 7, Regulation 7.4</p>



## Appendix B

### Data tables for statutory functions

This appendix provides information on the activity and performance of the MPC's statutory functions. Information on the MPC's functions can be found on: <https://www.meritprotectioncommission.gov.au>

### Review of promotion decisions

Table 1 shows the status of promotion review cases for 2019–20, as at 30 June 2020, compared with 2018–19.

**Table 1: Status of promotion review cases 2019–20, compared with 2018–19**

Promotion review cases	2019–20	2018–19
On hand at start of year	13	24
Established during the period	151	112
Total caseload	164	136
Reviewed (by Promotion Review Committee)	108	82
Invalid (for example applicant not an ongoing APS employee)	18	8
Lapsed (for example a protective application where no unsuccessful application received) or withdrawn	29	32
Total finalised during period	155	122
On hand at end of year	9	14
Target completion time (weeks)	8 or 12	8 or 12
Number completed within target time	121	78
Percentage completed within target time	78.06%	95%

Table 2 shows the promotion review caseload by agency for 2019–20.

**Table 2: Promotion review caseload, by agency, 2019–20**

Agency	Australian Taxation Office	Services Australia	Department of Home Affairs	Department of Defence	Other APS Department and Agencies	Totals
Number of promotion review applications received	988	374	166	12	50	1590
Number of Promotion Review cases registered (not including cases on hand at the start of the year)	71	43	14	7	16	151
Number of Promotion Review Committees formed and finalised—cases Reviewed	52	31	9	7	9	108
Number of parties to a promotion review where a Promotion Review Committee was formed and finalised	655	156	79	14	36	940
Number of promotion decisions subject to review	565	101	61	7	26	760
Number of promotion decisions varied	3	0	0	1	0	4

## Review of general employment actions and complaints casework

Table 3 provides information on the review (other than promotion review) and complaints casework in 2019–20. Table 4 provides information on the timeliness with which we performed our review and complaints functions. Both tables compare results for 2019–20 with results for 2018–19.

**Table 3: Review and complaints workload for 2019–20 compared with 2018–19**

Cases	Primary reviews: Code of Conduct	Primary reviews: other	Secondary reviews	Former employee Code of Conduct (Regulation 7.2A)	Total reviews	Complaints about final entitlements (Regulation 7.2)	Total cases	
	2019–20						2019–20	2018–19
On hand at start of the year	21	0	14	0	35	0	35	40
Received during the period	78	14	101	2	195	5	200	171
<b>Total cases</b>	<b>99</b>	<b>14</b>	<b>115</b>	<b>2</b>	<b>230</b>	<b>5</b>	<b>235</b>	<b>211</b>
Reviewed	51	3	41	1	96	0	96	78
Facilitated resolution	0	0	3	0	3	3	6	2
Not Accepted	18	11	52	1	82	1	83	52
Lapsed or withdrawn	14	0	9	0	23	0	23	44
Total finalised during period	83	14	105	2	204	4	208	176
On hand at end of the year	16	0	10	0	26	1	27	35

Note: Primary reviews are reviews conducted by the MPC without first being reviewed by the agency head. Secondary reviews are conducted by the MPC following a review conducted by the agency head or after the agency head decides the matter is not reviewable but the Merit Protection Commissioner considers it is.

**Table 4: Timeliness in handling reviews and complaints, 2019–20 compared with 2018–19**

Review type	2018–19		2019–20	
	Average time to complete reviews (weeks)	Completed within target timeframes (%)	Average time to complete reviews (weeks)	Completed within target timeframes (%)
Primary reviews—Code of Conduct	10.9	86.1	11.1	80.4
Former employees – Code of Conduct (Regulation 7.2A)	N/A	N/A	13.3	100
Primary reviews—other	14.1	75	12.9	66.7
Secondary reviews	9.8	81.1	10.7	79.5
Total reviews	N/A	N/A	11	79.7
Complaints about final entitlements (Regulation 7.2)	N/A	N/A	1.9	100

Note: We have reported separately on reviews of employment actions (primary and secondary reviews) and complaints about entitlements on separation (regulation 7.2) in this annual report. Previous annual reports included complaints about entitlements in the overall review figures. For this reason some of the data calculations are not available for 2018–19.

Table 5 details the number of reviews and complaints about entitlements by agency.

**Table 5: Reviews and complaints completed, by agency, 2019–20**

Agency	Primary Review—Code of Conduct	Primary Review—Non Code	Secondary Review	Total	Complaints about entitlements—former employees
Department of Human Services/Services Australia	13	0	18	31	0
Department of Defence	11	0	2	13	0
Australian Taxation Office	2	0	10	12	0
Department of Home Affairs	3	0	5	8	1
Department of Agriculture, Water and the Environment	3	0	3	6	1
National Disability Insurance Agency	3	0	3	6	0
The Department of Infrastructure, Transport, Regional Development and Communications	5	0	1	6	0
Twelve agencies with less than six completed matters each	12	3	2	17	1
<b>Total</b>	<b>52</b>	<b>3</b>	<b>44</b>	<b>99</b>	<b>3</b>

Table 6 shows the subject matter for all reviews, other than Code of Conduct, completed in 2019–20.

**Table 6: Subject matter of reviewed cases (other than Code of Conduct), 2019–20**

Subject matter	Secondary subject matter	Number
Salary allowances and other payments	Allowances/Entitlements	3
	Salary	5
<b>Subtotal</b>		<b>8</b>
Flexible working arrangements	Home based work	2
<b>Subtotal</b>		<b>2</b>
Performance management	Unsatisfactory performance, including performance rating	10
<b>Subtotal</b>		<b>10</b>
Duties	Assignment to different duties	1
	Relocation	1
	Selection process	1
<b>Subtotal</b>		<b>3</b>
Workplace behaviour	Workplace directions or warnings including about attendance	3
	Handling of bullying complaints	3
<b>Subtotal</b>		<b>6</b>
Leave	Personal or carers' leave	6
	Unauthorised absence	3
	Other	5
<b>Subtotal</b>		<b>14</b>
Other	Outside employment	1
	Flextime/Time off in lieu of overtime	2
	Direction about attendance	1
<b>Subtotal</b>		<b>4</b>
<b>Total</b>		<b>47</b>

Table 7 shows the subject matter for all Code of Conduct cases reviewed in 2019–20. The number of subject matters by category in Table 7 is greater than the number of reviewed Code of Conduct cases because an employee may have been found to have breached the Code of Conduct, or been sanctioned for more than one behaviour.

**Table 7: Subject matter of Code of Conduct reviews completed, 2019–20**

Subject matter	Number
Unauthorised disclosure of information	4
Bullying, harassment and discourtesy	13
Unauthorised access agency database	9
Uncooperative/unprofessional behaviour	5
Misuse of Commonwealth resources	7
Misuse of position	4
Failure to record attendance accurately	5
Conflict of interest	8
Other	6
<b>Total number of matters identified</b>	<b>61</b>

## Erratum

There was an error in Figure 6 ‘Review of action other (primary and secondary) by agency’ in the MPC’s *Annual Report, 2018–19*. The figure provided data on the number of primary and secondary applications for review by APS agency. The legend for primary and secondary reviews was transposed for all agencies except the Department of Defence. The data given for primary reviews was in fact data for secondary reviews and vice versa for all agencies except the Department of Defence.

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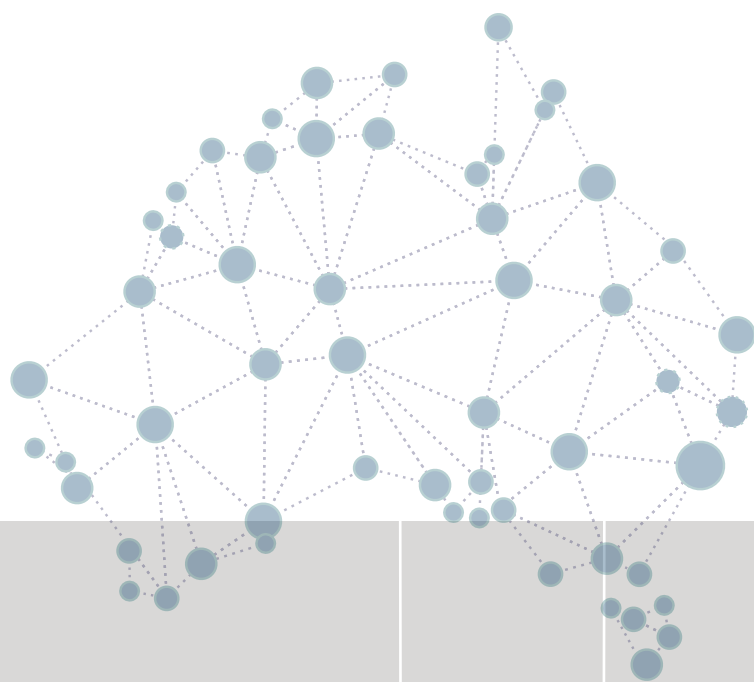
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