

Australian Public Service Commission

Agency resources and planned performance

AUSTRALIAN PUBLIC SERVICE COMMISSION

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AUSTRALIAN PUBLIC SERVICE COMMISSION

Section 1: Agency overview and resources

The outcome of the Australian Public Service Commission (the Commission) is:

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.

1.1 STRATEGIC DIRECTION

The Commission works to support the Australian Public Service (APS) to achieve best practice public administration and to deliver more effective services to the Australian community.

The Commission endeavours to ensure that the APS is able to meet the changing needs of society and of the government.

The Commission is responsible for:

- advising on the long-term future directions for the APS and its leadership through targeted research and evaluation and policy development activities that support the transformation of the APS
- leading and shaping the debate on the APS workforce and developing and advising on APS employment policy to support the workforce of the future
- promoting and evaluating the implementation of the APS Values and Code of Conduct, and reporting on the health of the APS
- policy relating to public administration and people management, particularly the promotion of leadership skills
- building the capability of the APS of the future by providing leadership, learning and development programs and services that meet current and emerging needs of the APS
- providing employment services to the APS
- independent external review of actions affecting individual APS employees.

The Commission is to receive funding commencing in 2009–10 of \$6.0 million over three years to address Indigenous recruitment, vocational training and retention issues across the APS.

APS Commission Budget Statements

Portfolio savings of \$0.3 million per annum are sourced through alternative service arrangements and streamlining administrative support services for the Commission's area offices.

As part of existing funding and commencing 2009-10, the Commission will implement its ability to work strategy by developing training and best practice advice to APS agencies and managers, and establishing and supporting disability forums and networks with the aim of increasing the representation of people with disability across the APS.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Public Service Commission resource statement — Budget estimates for 2009–10 as at Budget May 2009

	Estimate of prior + year amounts available in 2009–10 \$'000	Proposed at Budget = 2009–10 \$'000	Total Estimate 2009–10 \$'000	Actual Available Appropriation 2008–09 \$'000
Ordinary Annual Services¹				
Departmental				
Prior year departmental appropriation	8,866 ⁴		8,866	9,942
Departmental appropriation		20,981 ¹	20,981	22,132 ⁶
s. 31 relevant agency receipts ³		18,504	18,504	20,415
Total	8,866	39,485	48,351	52,489
Total ordinary annual services	A 8,866	39,485	48,351	52,489
Other services²				
Departmental non-operating				
Equity injections	-	-	-	-
Previous years' outputs	-	-	-	179 ⁶
Total	-	-	-	179
Total other services²	B -	-	-	179
Total available annual appropriations	8,866	39,485	48,351	52,668
Special accounts				
Opening balance ⁵	-	-	-	-
Appropriation receipts	-	-	-	-
Appropriation receipts – other agencies	-	-	-	-
Non-appropriation receipts to special accounts	-	-	-	-
Total special account	D -	-	-	-
Total resourcing	8,866	39,485	48,351	52,668
A+B+D				
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for agency	8,866	39,485	48,351	52,668

1 Appropriation Bill (No. 1) 2009–10.

2 Appropriation Bill (No. 2) 2009–10.

3 Own source income.

4 Estimated adjusted balance carried from previous year for Annual Appropriations.

5 Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

6 For further details on the 2008–09 actual available appropriation, see Section 3.2.1.

Note: All figures are GST exclusive.

Third party payments from and on behalf of other agencies

The Commission has no third party drawdown arrangements with other agencies.

1.3 BUDGET MEASURES

Budget measures relating to the Australian Public Service Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2009–10 Budget measures

	Program	2008–09 \$'000	2009–10 \$'000	2010–11 \$'000	2011–12 \$'000	2012–13 \$'000
Expense measures						
Closing the Gap – APS Indigenous Employment Strategy	1.2					
Departmental expenses		-	2,000	2,000	2,000	-
Total		-	2,000	2,000	2,000	-
National Mental Health and Disability Employment Strategy – strategy support	1.2					
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	-
Prime Minister and Cabinet portfolio – further efficiencies	1.1					
Departmental expenses		-	(300)	(300)	(300)	(300)
Total		-	(300)	(300)	(300)	(300)
Total expense measures						
Departmental		-	1,700	1,700	1,700	(300)
Total		-	1,700	1,700	1,700	(300)

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. Figure 1 outlines the transition from the 2008-09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The figure also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

Figure 1: Transition table

2008–09 Budget year	2009–10 Budget year																								
<p>Outcome 1 A confident, high quality, values-based and sustainable Australian Public Service.</p>	<p>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.</p>																								
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Note: Each output under the 2008–09 output framework wholly moved to either sub-program 1.1 (denoted as P 1.1) or sub-program 1.2 (denoted as P 1.2) in the 2009–10 program framework.

1.5 PROGRAMS FOR WHICH TREASURY IS APPROPRIATED UNDER THE NEW FEDERAL FINANCIAL RELATIONS (FFR) FRAMEWORK

The Council of Australian Governments (COAG) has agreed to a new framework for Federal Financial Relations that is being implemented in a staged manner from 1 January 2009. Under these arrangements, specific purpose payments (SPPs) will now be made through combined monthly payments from the Commonwealth Treasury to and through state and territory treasuries.

No agencies in the Prime Minister and Cabinet portfolio are affected by these changes.

Further information on the Federal Financial Relations arrangements can be found in the Portfolio Budget Statements of the Treasury and in Budget Paper No. 3, Australia's Federal Relations 2009-10.

Section 2: Outcome and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Agencies deliver programs, which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Australian Public Service Commission in achieving government outcomes.

2.1 OUTCOME PERFORMANCE INFORMATION

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

2.1.1 Outcome 1 strategy

Best practice public administration is necessary for the APS to meet the changing needs of society and the government.

The Commission works to support best practice public administration that is:

- professional and apolitical
- accountable and ethical
- capable in both its skills and its systems
- responsive and innovative
- efficient and effective.

Strategic priorities for 2009–10

In 2009–10 the Commission will seek to achieve this outcome through the following strategies and priorities:

- Using research and evaluation to assist in the transformation of the APS through the identification of key priorities for public sector reform and through innovation to help agencies adapt and deliver on the priorities set for them by the government.
- Support the government's objectives of accountability, transparency, ethics and integrity for the APS through implementation of the Ethics Advisory Service; active promotion of the APS Values and Code of Conduct; policy advice on and

promotion of systems and approaches to deliver the government's objectives; and placing a greater emphasis on ethical decision-making.

- Taking a proactive approach to networking and understanding client needs so the Commission's services can be highly effective.
- Using learning and development services, consultancy services and review work to improve APS agencies' performance, as well as providing advice through the State of the Service reports.
- Developing leading-edge programs and products and modelling best practice human resource and agency management.

Challenges and risks

The Commission has identified a number of significant risks to its budget, partly attributable to the tighter budgetary climate and the Commission's reliance on income generated through the sale of services, and as a result of increasing cost pressures from employee and property expenses, including implementation of new ICT arrangements.

In response to these risks and pressures, the Commission is undertaking a number of reviews of its structure and operations. The reviews will identify significant changes that the Commission can implement to address these challenges, to continue to meet government expectations, and to perform the functions required under the *Public Service Act 1999*.

2.1.2 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1:	2008–09	2009–10
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.	Estimated Actual Expenses \$'000	Estimated Expenses \$'000
Program 1 Australian Public Service Commission		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	23,032	20,981
Revenues from independent sources (section 31)	19,045	18,531
Expenses not requiring appropriation in the Budget year	2,522	354
Total for Program 1	44,599	39,866
Outcome 1 totals by appropriation type		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	23,032	20,981
Revenues from independent sources (section 31)	19,045	18,531
Expenses not requiring appropriation in the Budget year	2,522	354
Total expenses for Outcome 1	44,599	39,866
	2008–09	2009–10
Average staffing level (number)	222	198

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

2.1.3 Contributions to Outcome 1

Program 1: Australian Public Service Commission

Sub-program 1.1: APS Policy, Review and Evaluation

Program objective

In April 2008, the Prime Minister outlined seven elements of the government's vision for the future APS.

In support of the objectives outlined for the APS, the Commission will:

- provide policy advice on, and promote systems and approaches to improve, public service ethics and integrity
- implement an Ethics Advisory Service that will, among other things, assist the Public Service Commissioner and agency heads to promote the APS Values and Code of Conduct and support all APS employees in ethical decision making
- strengthen its support for the review and inquiry functions of the Public Service Commissioner and the Merit Protection Commissioner
- undertake its regulatory review and reporting role under the *Public Service Act 1999*, including whistleblowing reports
- collect, maintain, analyse and use data on APS employment to assist in its advice to the government and the APS
- provide an annual State of the Service Report and undertake other research and evaluation activity to provide an evidence base on the current strengths and weaknesses of the APS and to generate informed debate on contemporary issues and future public sector reform directions.

Program expenses

Appropriation funding reduces from 2008–09 to 2009–10 due to portfolio savings.

For the Ethics Advisory Service function, one-off implementation funding was received in the 2008–09 year.

	2008–09 Revised budget	2009–10 Budget	2010–011 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(\$'000)					
Annual departmental expenses: (Appropriation Bill No. 1)	8,559	7,341	7,385	7,384	7,442
Revenues from independent sources (section 31)	2	2	2	2	2
Expenses not requiring appropriation in the Budget year	658	79	63	47	31
Total departmental expenses	9,219	7,422	7,450	7,433	7,475

APS Commission Budget Statements

Program deliverables					
The Commission will:					
<ul style="list-style-type: none"> • provide policy advice on the employment framework and workforce participation in the APS • provide a cross-government strategic workforce plan for the APS, including for the ICT workforce • develop an evaluation framework for non-campaign advertising • implement changes to the <i>Public Service Act 1999</i> • provide support for SES and statutory office holder appointments • implement an Ethics Advisory Service that will support all APS employees in ethical decision making, respond promptly to calls and emails, and provide helpful guidance material to agencies • advise, brief and support the Cabinet Secretary and agency heads on ethics, integrity and review of actions • collect, maintain, analyse and use data on APS employment to assist in its advice to government and the APS • publish the State of the Service Report and APS Statistical Bulletins 					
Deliverables	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Reviews finalised on behalf of the Merit Protection Commissioner	235	235	235	235	235
Reviews conducted on behalf of the Merit Protection Commissioner completed within published timeframes	70%	70%	70%	70%	70%
Responses to whistleblowing reports made to the Public Service Commissioner or the Merit Protection Commissioner	22	22	22	22	22
Whistleblowing reports responded to within 6 weeks with any further investigations conducted promptly	70%	70%	70%	70%	70%
State of the Service Report and associated publications	2	2	2	2	2
State of the Service report tabled in accordance with tabling requirements	100%	100%	100%	100%	100%
Research and evaluation reports completed	3	3	3	3	3
Secretariat service provided to the Management Advisory Committee (MAC) and the Public Service Commissioner's Conference	2	2	2	2	2

Program key performance indicators						
	<ul style="list-style-type: none"> • Advising and informing public servants will result in them making better decisions and increase their awareness of future reform directions. • Influencing the future behaviour of APS employees through the regulatory role of the Commission will result in better public administration. • Degree of satisfaction of minister, the Executive and agency heads, as expressed through feedback about the quality and timeliness of services provided by the Commission. 					
Key performance indicators	2008-09 Revised budget	2008-09 Budget target	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
High level of use and satisfaction with the State of the Service Report and other research and evaluation reports by the SES, agencies and other clients	70%	70%	70%	75%	75%	75%

Sub-program 1.2: Development Programs and Employment Services

Program objective

The government has outlined the key directions for the APS, including:

- building a professional public service committed to excellence
- a contemporary view of government service delivery that emphasises both efficiency and effectiveness in outcomes.

The Commission will provide quality learning and development opportunities to its employees so that the APS will improve its capability to serve the government and modernise its community engagement and service delivery arrangements.

Strong and effective leadership skills supported by investment in learning and development are essential components in building a high-performing, innovative and agile APS.

Section 41 of the *Public Service Act 1999* requires the Commission to:

- facilitate continuous improvement in people management throughout the APS
- coordinate and support APS-wide training and career development opportunities in the APS
- contribute to, and foster, leadership in the APS
- develop, promote, review and evaluate APS employment policies and practices.

Further, increasing Indigenous representation in employment and reducing the overall level of disadvantage among Aboriginal and Torres Strait Islander people is an integral part of the government's agenda. Its *Indigenous Economic Development Strategy* aims to increase levels of Indigenous employment and help Indigenous Australians participate in the broader economy, thus 'closing the gap' between Indigenous and non-Indigenous Australians.

The *APS Employment and Capability Strategy for Aboriginal and Torres Strait Islander Employees* is designed to address Indigenous recruitment and retention issues across the APS.

To assist in achieving the government's directions and to meet these legislative objectives, the Commission will:

- continue to develop and offer leadership, learning and development programs that build knowledge, capabilities, skills and behaviours that departments and agencies require of their employees in the modern APS environment
- continue to develop and present leadership and development programs which challenge and stretch current and future APS leaders' thinking about approaches to leadership, cooperation and collaboration in pursuit of improved service delivery
- support leadership excellence through international programs and work with the states and territories on public sector educational training needs
- deliver the strategies detailed in the Indigenous Employment Strategy, including increased employment and retention of Indigenous employees in the APS; build the skills and capabilities of Indigenous employees; and improve the representation of Indigenous employees across agencies
- build APS capacity to provide more effective service and program delivery
- analyse and provide advice on better practice service delivery, talent management and succession planning
- continue to provide a range of services to APS employees and agencies to help them meet their legislative responsibilities.

Program expenses

Appropriation funding reduces during 2009–10 and the forward years from 2008–09 levels due to:

- the tailing off of activities for the Career Transition and Supports Centre during 2009–10.
- reduced funding to address Indigenous recruitment, vocational training and retention issues across the APS from 2009–10, with funding terminating in 2011–12
- cessation of funding for the Review of Governmental Use of ICT in 2011–12
- funding for recruitment advertising policy and website activities ceases in 2010–11.

Revenues from independent sources reduce in 2009–10 and further in 2010–11 due to lower levels of international assistance activities.

	2008–09 Revised budget	2009–10 Budget	2010–011 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(\$'000)					
Annual departmental expenses: (Appropriation Bill No. 1)	14,473	13,589	12,885	12,488	10,415
Revenues from independent sources (section 31)	19,043	18,529	17,445	17,666	17,898
Expenses not requiring appropriation in the Budget year	1,864	272	26	19	13
Total departmental expenses	35,380	32,390	30,356	30,173	28,326

Program deliverables

The Commission will:

- continue to develop and present leadership, learning and development programs that build knowledge, capabilities, skills and behaviours
- support leadership excellence through international programs and work with the states and territories on public sector educational training needs
- deliver the strategies to address Indigenous recruitment, vocational training and retention issues across the APS, including increased employment and retention of Indigenous employees in the APS
- continue to provide a range of services to APS employees and agencies to help them meet their legislative responsibilities
- analyse and provide advice on better practice service delivery
- seek to improve the level of satisfaction with the accuracy, quality and timeliness of individual employment services and individual cases
- Seek to achieve a positive trend in APS Indigenous employee satisfaction as reported in the State of the Service Report.

APS Commission Budget Statements

Deliverables	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Seminars and forums delivered (number)	125	125	125	125	125
Leadership programs delivered (number)	55	55	55	55	55
Agencies using the leadership learning development panel to deliver training (number)	30	30	30	30	30
APS 1–6 and Executive level programs delivered (number)	735	735	750	750	750
Agencies engaged through at least one scheduled event, activity or network focused on leadership (%)	75	75	75	75	75
New SES attending orientation program (%)	80	80	80	80	80
SES and Executive level programs were rated 5 or 6 on a 6-point scale for relevance, usefulness and administration and coordination (%)	85	85	85	85	85
Panel services were rated 5 or 6 on a 6-point scale for how well the program was delivered and coordinated (%)	85	85	85	85	85
Accreditation services were rated 5 or 6 on a 6-point scale for delivery, administration and coordination (%)	85	85	85	85	85
Fee-for-service employment related services (number)	530	530	550	550	550
Better forums developed and offered (number)	75	75	75	75	75
Responding participants attending better practice forums, give rating of 5 or 6 on a 6-point scale for achieving objectives, program content, quality of presenters or relevance, usefulness and high quality	85	85	85	85	85

Program key performance indicators						
<ul style="list-style-type: none"> the Commission's learning and development programs leads to increased choice, opportunity and better work performance increasing the acquisition of skills and knowledge leads to better service delivery within the APS assisting APS agencies to meet their obligations under the <i>Public Service Act 1999</i> leads to a compliant, high-quality, professional and merit-based APS developing programs and strategies to assist APS agencies with recruitment, training and retention to reach at least 2.6% of Indigenous representation within their agency workforces by 2015. 						
Key performance indicators (%)	2008–09 Revised budget	2008–09 Budget target	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Responding surveyed participants consider that Commission programs have equipped them with the knowledge and skills they need in order to perform their roles more effectively	85	85	85	85	85	85
Responding surveyed participants consider that the Commission program learning objectives were met effectively	85	85	85	85	85	85
Responding surveyed participants agreed that attending Commission programs and/or events assisted in building their awareness of issues, developments and priorities to enable them to work more effectively	85	85	85	85	85	85
Responding surveyed participants agreed that attending Commission leadership development activities increased their leadership skill, capability and knowledge	85	85	85	85	85	85

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission has no administered funds.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Commission.

Table 3.1.2: Estimates of special account cash flows and balances

	Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000
Other Trust Monies		-	-	-	-
– FMA Act (D) ¹	1	-	1	(1)	-
Services for Other Governments and Non-Agency Bodies		-	-	-	-
– FMA Act (D) ²	1	-	-	-	-
Total special accounts					
2009-10 Budget estimate		-	-	-	-
Total special accounts 2008-09 estimated actual		-	1	(1)	-

(D) = Departmental

- 1 The purpose of the Other Trust Monies Special Account is for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. This account is used to receive Comcare employee reimbursements for incidents that occurred up until 30 June 2006. These moneys are temporarily held in trust for other persons and are therefore not included in the total resources available.
- 2 The purpose of the Services for Other Government and Non Agency Bodies Special Account is for expenditure in connection with services performed on behalf of other governments and bodies that are not FMA agencies. This account is currently not in use but is retained in case it is required in the future.

3.1.3 Australian Government Indigenous Expenditure

The Commission's Australian Government Indigenous expenditure is detailed in Table 3.1.3.

Table 3.1.3: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Program
	Bill	Bill	Special	Total			
	No. 1 \$'000	No. 2 \$'000	Approp \$'000	Approp \$'000			
Australian Public Service Commission							
Outcome 1							
Departmental 2009–10	3,730	-	-	3,730	229	3,959	1.2
Departmental 2008–09	4,360	-	-	4,360	474	4,834	1.2
Total Outcome 2009-10	3,730	-	-	3,730	229	3,959	
Total Outcome 2008-09	4,360	-	-	4,360	474	4,834	
Total AGIE 2009–10	3,730	-	-	3,730	229	3,959	
Total AGIE 2008–09	4,360	-	-	4,360	474	4,834	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

FMA s. 31 relevant agency receipts as disclosed in Table 1.1 (Agency resource statement) are prepared on a cash basis and include receipts not classified as income, such as gross proceeds from asset sales and cash lease incentives received.

Income disclosed in Table 3.2.1 (Comprehensive income statement) is prepared on an accrual basis and includes non-cash items such as gains.

The agency resourcing table details actual available appropriation in 2008–09 which includes a requested reduction in appropriation resulting from a lower level of demand for the Career Transition and Support Centre. The funds no longer required are 2008–09 departmental appropriation of \$0.9 million and 2008–09 previous years' outputs of \$0.3 million. As the request for reduction of appropriation had not been approved by the Finance Minister at the time of the preparation of these budget statements, the reduction has only been disclosed in the agency resourcing table.

3.2.2 Analysis of budgeted financial statements

The Commission is budgeting for a loss, as approved by the Minister for Finance and Deregulation, in each financial year due to the impact of straight-lining minimum operating lease payments for office rental.

In 2008–09 the Commission expects to incur a loss of \$2.5 million. Components of this loss are:

- straight-lining of operating lease payments (\$0.4 million)
- increase in employee leave liability provisions due to a significant change in the long-term bond rate (\$0.7 million)
- transition to a new information and communications technology (ICT) provider (\$0.8 million)
- reduced demand for services (\$0.9 million).

This loss is reduced by the rephasing of \$0.2 million of expense for the Ethics Advisory Service from 2008–09 to 2009–10. This rephasing of expense will be absorbed by the Commission in 2009–10.

Due to the straight-lining of minimum operating lease payments the Commission will incur losses of \$0.3 million in 2009–10, \$0.2 million in 2010–11, \$0.2 million in 2011–12 and \$0.1 million in 2012–13.

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Appropriation revenue will reduce by \$2.0 million from \$23.0 million in 2008–09 to \$21.0 million in 2009–10. This is associated with previous budget measures lapsing or reducing:

- Funding to address Indigenous recruitment, vocational training and retention issues across the APS is reduced by \$0.6 million.
- Funding for the Career Transition and Support Centre tails off (a reduction of \$0.8 million).
- Initial implementation funding ceases for 2008–09 Portfolio Additional Estimates budget measures (a reduction of \$0.4 million).
- Portfolio savings measure of \$0.3 million per annum through the introduction of alternative service arrangements and streamlining administrative support services for the Commission's area offices.

Goods and services income is expected to decrease by \$0.5 million from \$19.0 million in 2008–09 to \$18.5 million in 2009–10, as there is expected to be a reduction in international assistance activities.

Balance sheet

Net equity will reduce in 2009–10 and forward years as the Commission incurs losses for non-cash accounting adjustments for operating lease rental.

Receivables vary in line with the Commission's capital investment cycle, with an increase by around \$0.5 million in 2009–10 to build reserves to allow for future asset reinvestment.

A finance lease liability is no longer recognised, as under the new ICT service provider arrangements ICT equipment will be purchased up front instead of being leased.

The Commission's primary liability continues to be provision for employee entitlements of \$6.2 million. The liability is estimated to increase by around \$0.2 million during 2009–10.

Cash balances are maintained at a working capital level of \$0.5 million. Cash holdings above this level are transferred as a receivable held in the Official Public Account.

Statement of cash flows

Other operating inflows are the draw-down of reserves held in the Official Public Account.

Investing cash outflows of \$2.0 million in 2008–09 reflect investment associated with office fit-out works and the purchase of ICT equipment. An office fit-out is expected to occur in 2009–10. Investment will be at lower levels in 2010–11 and 2011–12, and then increase in 2012–13 with a planned refresh of ICT equipment.

Investing inflows represent lease incentives received from lessors to partly fund office fit-out works.

The \$0.5 million contributed equity received in 2008-09 is for prior years' funding for expenditure incurred in 2007-08 for the Career Transition and Support Centre.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
EXPENSES					
Employee benefits	23,268	20,763	19,755	19,819	19,195
Supplier	19,346	17,567	16,753	16,505	15,268
Depreciation and amortisation	1,655	1,526	1,534	1,468	1,475
Finance costs	39	10	10	11	11
Write-down and impairment of assets	250	-	-	-	-
Losses from asset sales	41	-	-	-	-
Total expenses	44,599	39,866	38,052	37,803	35,949
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	19,045	18,531	17,447	17,668	17,900
Total revenue	19,045	18,531	17,447	17,668	17,900
Gains					
Other gains	41	41	41	41	41
Total gains	41	41	41	41	41
Total own-source income	19,086	18,572	17,488	17,709	17,941
Net cost of (contribution by) services	25,513	21,294	20,564	20,094	18,008
Appropriation revenue	23,032	20,981	20,321	19,924	17,909
Surplus / (deficit)	(2,481)	(313)	(243)	(170)	(99)
Surplus / (deficit) attributable to the Australian Government	(2,481)	(313)	(243)	(170)	(99)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	(2,481)	(313)	(243)	(170)	(99)
Total comprehensive income attributable to the Australian Government	(2,481)	(313)	(243)	(170)	(99)

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	450	450	450	450	450
Trade and other receivables	11,637	12,411	13,812	15,291	16,212
Total financial assets	12,087	12,861	14,262	15,741	16,662
Non-financial assets					
Land and buildings	3,520	3,559	3,157	2,755	2,353
Infrastructure, plant and equipment	2,133	1,730	1,285	769	729
Intangibles	1,041	947	730	525	417
Inventories	187	187	187	187	187
Prepayments paid	566	589	613	638	664
Total non-financial assets	7,447	7,012	5,972	4,874	4,350
Total assets	19,534	19,873	20,234	20,615	21,012
LIABILITIES					
Interest-bearing liabilities					
Leases	-	-	-	-	-
Lease incentives	1,766	1,597	1,431	1,266	1,100
Total interest-bearing liabilities	1,766	1,597	1,431	1,266	1,100
Provisions					
Employees	5,994	6,234	6,484	6,743	7,013
Make good	171	181	191	202	213
Total provisions	6,165	6,415	6,675	6,945	7,226
Payables					
Suppliers	4,721	5,191	5,596	5,933	6,200
Prepayments received	2,530	2,631	2,736	2,845	2,959
Total payables	7,251	7,822	8,332	8,778	9,159
Total liabilities	15,182	15,834	16,438	16,989	17,485
Net assets	4,352	4,039	3,796	3,626	3,527
EQUITY¹					
Parent entity interest					
Contributed equity	(1,004)	(1,004)	(1,004)	(1,004)	(1,004)
Reserves	1,013	1,013	1,013	1,013	1,013
Retained surpluses or accumulated deficits	4,343	4,030	3,787	3,617	3,518
Total parent entity interest	4,352	4,039	3,796	3,626	3,527
Total equity	4,352	4,039	3,796	3,626	3,527
Current assets	12,840	13,637	15,062	16,566	17,513
Non-current assets	6,694	6,236	5,172	4,049	3,499
Current liabilities	8,730	9,360	9,932	10,442	10,890
Non-current liabilities	6,452	6,474	6,506	6,547	6,595

¹ 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	21,580	20,357	19,163	19,405	19,659
Appropriations	23,032	20,981	20,321	19,924	17,909
Other	1,238	12	-	-	-
Total cash received	45,850	41,350	39,484	39,329	37,568
Cash used					
Employees	22,907	20,523	19,505	19,560	18,925
Suppliers	22,268	19,113	18,220	18,003	16,772
Other	-	646	1,289	1,421	946
Total cash used	45,175	40,282	39,014	38,984	36,643
Net cash from or (used by) operating activities	675	1,068	470	345	925
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of infrastructure, property, plant and equipment	5	-	-	-	-
Lease incentive	710	-	-	-	-
Total cash received	715	-	-	-	-
Cash used					
Purchase of infrastructure, property, plant and equipment	1,591	719	255	150	630
Purchase of intangibles	366	349	215	195	295
Total cash used	1,957	1,068	470	345	925
Net cash from or (used by) investing activities	(1,242)	(1,068)	(470)	(345)	(925)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	475	-	-	-	-
Total cash received	475	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	475	-	-	-	-
Net increase or (decrease) in cash held	(92)	-	-	-	-
Cash at the beginning of the reporting period	542	450	450	450	450
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	450	450	450	450	450

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009–10)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009				
Balance carried forward from previous period	4,343	1,013	(1,004)	4,352
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	4,343	1,013	(1,004)	4,352
Income and expense				
Income and expenses recognised directly in equity:				
Gain/loss on revaluation of property	-	-	-	-
Sub-total income and expense	-	-	-	-
Surplus / (deficit) for the period	(313)			(313)
Total income and expenses recognised directly in equity	4,030	1,013	(1,004)	4,039
Transactions with owners				
<i>Distribution to owners</i>				
Returns on capital				
Dividends			-	-
Returns of capital				
Other:			-	-
<i>Contribution by owners</i>				
Appropriation (equity injection)			-	-
Other:				
Restructuring			-	-
Sub-total transactions with owners	-	-	-	-
Transfers between equity components	-	-	-	-
Estimated closing balance as at 30 June 2010	4,030	1,013	(1,004)	4,039

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008–09 \$'000	Budget estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	475	-	-	-	-
Total loans	-	-	-	-	-
Special appropriations	-	-	-	-	-
Total capital appropriations	475	-	-	-	-
Represented by					
Purchase of non-financial assets	75	-	-	-	-
Other	400	-	-	-	-
Total represented by	475	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	75	-	-	-	-
Funded internally from departmental resources ¹	2,044	1,068	470	345	925
Assets received due to restructure (FMA s. 32)	-	-	-	-	-
TOTAL	2,119	1,068	470	345	925

1 Includes the following sources of funding: annual and prior year appropriations; donations and contributions; gifts; finance leases; internally developed assets; s. 31 relevant agency receipts; proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements—departmental

	Buildings \$'000	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009				
Gross book value	4,394	4,675	2,642	11,711
Accumulated depreciation/amortisation	(874)	(2,542)	(1,601)	(5,017)
Opening net book balance	3,520	2,133	1,041	6,694
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
by purchase or internally developed	410	309	349	1,068
by finance lease	-	-	-	-
by contribution/donation	-	-	-	-
by gift	-	-	-	-
Acquisition of entities or operations (including restructuring)	-	-	-	-
Subtotal	410	309	349	1,068
Other movements				
Assets held for sale	-	-	-	-
Depreciation/amortisation expense	(371)	(712)	(443)	(1,526)
Disposals ¹	-	-	-	-
Other	-	-	-	-
Subtotal	(371)	(712)	(443)	(1,526)
As at 30 June 2010				
Gross book value	4,804	4,984	2,991	12,779
Accumulated depreciation/amortisation	(1,245)	(3,254)	(2,044)	(6,543)
Closing net book balance	3,559	1,730	947	6,236

Prepared on Australian Accounting Standards basis.

1 Proceeds may be returned to the OPA.

3.2.4 Notes to the financial statements

Departmental income

Goods and services income is recognised at the time that the goods or services are provided to customers. Goods and services income is earned from development program activities, employment services and international assistance.

Appropriation revenue is recognised in the period that the appropriation is made available to the Commission.

Departmental expenses

Expenses are recognised as resources used by the Commission.

Employee expense includes all obligations incurred to employees for their service during the financial period.

Major supplier expense items include the provision of program and training activities to Commission customers, property lease and outgoings, travel and information technology services.

Depreciation represents the consumption of assets' service potential during the financial period.

Departmental assets

Assets are only recognised when resources are controlled by the Commission.

Receivables comprise trade debtors, accrued income and receivables held in the Official Public Account.

Land and buildings consists of office fit-out.

Infrastructure, plant and equipment comprises office and IT equipment.

Intangibles are computer software applications and intellectual property.

Departmental liabilities

Liabilities are recognised when obligations are incurred by the Commission.

Lease incentive liabilities are incentives provided by lessors for rental accommodation.

Employee provision liabilities are for recreation leave, long service leave and expected on-costs.

The make-good provision is the Commission's estimated restoration liability if it were to vacate leased office premises.

Suppliers are creditors (invoices on hand, but not yet due for payment), accrued expenses, accrued salaries and superannuation and operating lease payables.