

HUMAN RESOURCE
MANAGEMENT

07



Finance values its people and strives to encourage and develop them. We value leadership, creativity and excellence and build these values into our human resource practices.

Finance is committed to building excellence, encouraging innovation and developing its people. Two of the Department's goals are to become a high performing organisation to better enable Finance to deliver its outcomes, and to become an employer of choice. Finance's progress in achieving these goals is supported by our people management practices. Indeed, human resource (HR) management is a key lever that assists the Department in meeting its objectives.

Finance's HR management framework is based on the concept of the 'employee life cycle', and sets out strategies and policies for all aspects of employment with Finance, from attraction to separation. Employee benefits and conditions are outlined in Certified Agreements (CAs) and AWAs. The key result areas within Finance's HR framework are:

- recruitment and retention;
- development and performance;
- remuneration and recognition.

STRATEGIC PLANNING

Finance's ability to deliver against its key HR result areas is enhanced by the Department's strategic partnership with PwC. This partnership was formed in 1999 and covers the provision of the full range of HR functions for the Department.

The strategic partnership covers four essential HR service areas:

- transactional—payroll and leave processing;
- administrative—compensation case management and recruitment;
- value-added services—training and development;
- strategic—HR policy development and organisational change initiatives.

The partnership initially focused on the delivery of transactional and administrative services. In 2000-01, PwC began to implement a range of strategic HR services also covered by the partnership.

Work is continuing on developing the range and quality of all services. There are clear benefits to Finance from this partnership: the Department has exceeded its savings target of 15 per cent; payroll and transactional systems and services have improved significantly and are virtually error-free; and Finance has tapped into the capabilities of PwC internationally for higher value strategic services.

RECRUITMENT AND RETENTION

Recruitment and retention are key issues for Finance, as they are with other public and private sector organisations. The Department recognises that we are competing with these sectors for the best employees. While competition is strong, Finance continues to attract and recruit high quality employees at graduate and other levels.

To be able to recruit and retain such employees, Finance is committed to creating an environment that welcomes diversity, facilitates a healthy balance between responsibilities both at work and home and is supportive of employee needs. During 2000-01, Finance continued to actively encourage these workplace goals, for example through the Department's commitment to a childcare centre and other initiatives discussed later in this chapter.

Finance is committed to recruiting leading graduates, who are given projects that develop their skills and stretch their abilities. Finance's performance management system encourages graduate employees to tailor their individual

development plans. In its 2000–01 annual recruitment programme, Finance recruited 22 graduates from around Australia and across a range of disciplines. Our graduates have the opportunity to work in any of Finance’s Business Groups.

To retain employees critical to our business, Finance has a Long-Term Incentive Programme (LTIP) in place. It is designed to maintain our intellectual capital base by retaining employees who work in critical areas of the business and to reward them for their continued high performance. Under the LTIP, if an employee on the programme remains employed by Finance for three years and is eligible for a performance bonus in each of those years, he or she will be paid a retention bonus. A total of 62 staff members have been invited to join the LTIP since it was introduced in 1999, with 12 new nominations in 2001.

Workplace Diversity

Finance values the diversity of its workforce, and has established mechanisms that give effect to workplace diversity principles. We believe that a talented and diverse workforce helps us achieve our business outcomes. The Department’s Workplace Diversity Plan, CAs, AWAs and the performance management framework all support workplace diversity.

In accordance with the *Public Service Act 1999*, Finance’s workplace diversity programme aims to:

- help prevent all forms of discrimination in employment and workplace matters;

- recognise and make the best use of workforce and community diversity to achieve our business outcomes;
- assist employees in balancing work, family and caring responsibilities.

The Department promotes equity in employment, and all selection processes are based on merit. Guidelines are in place for dealing with and eliminating harassment and discrimination in the workplace. We also have sound and effective dispute resolution processes, including access to external mediators and counsellors where appropriate.

Finance continues to focus on employment issues specifically related to women, particularly at senior levels. The number of women at the Senior Executive Service (SES) level in Finance is consistent with the APS as a whole. However, the number of women in Finance at the Executive level in 2000–01 is 45 per cent. This is considerably higher than the most recent statistics that show a rate of 33 per cent for the APS. Importantly, this provides a strong base from which Finance can further improve its gender balance at the SES level in the future.

Finance’s Women’s Network meets monthly and offers a programme of activities, including an annual conference and regular seminars. The Network organises mentoring programmes for women at all levels in Finance. It has become important in attracting and retaining high quality staff. The Secretary holds round table meetings with Network representatives to

BUDGET INTERN PROGRAMME

Over the past year, an intern programme in Budget Group has welcomed several students from the University of Canberra and the Australian National University to work in Finance on a range of challenging issues.

The programme is advertised through the Commerce Faculties and Career Centres at both universities. These Faculties recommend students to the Department. Students then send in a resume, and are short-listed and

interviewed by the Department. In the 2000–01 summer break, eight interns worked in Budget Group for three months. Six of the interns continued to work on a part-time basis in Budget Group during the year.

discuss and advance issues of importance. The Network is convened by a senior executive officer.

Finance is currently developing a new Workplace Diversity Plan. This will build on the Department's current plan and will focus on the areas of access, equity and providing opportunities for people with disabilities. It is expected that the new plan will be in place in the first quarter of 2001-02, and will cover the period until 2005.

Work and Home Life Balance Programme

Finance's Work and Home Life Balance Programme is a comprehensive and integrated approach to help our employees balance their work and home life. Its aim is to maintain an environment where people can achieve high performance within a supportive, flexible and safe work environment, while maintaining a healthy balance between work and home.

Finance's work home balance programme covers four key themes:

- family-friendly initiatives—promoting family-friendly policies and practices;
- 'healthy bodies, healthy minds'—promoting personal health and wellbeing by ensuring that Finance provides a healthy and safe working environment;
- flexible work arrangements—increasing staff awareness about existing flexible arrangements and encouraging staff to take full advantage of them;
- 'building our community'—both within Finance and externally.

The Department's Work and Home Life Balance Programme is now in its second year of operation, and demonstrates Finance's strong commitment to ensuring that staff strike an appropriate balance between their work and home life. Achieving a positive work and home life balance across the Department also enhances employee relations, and has the further positive long-term results of reductions in absenteeism, accidents, compensation claims and staff turnover.

The Work and Home Life Balance Programme is fully integrated into the Department's business planning framework. Managers and staff are

actively encouraged to organise effective work and home life balance arrangements tailored to meet individual and business operational requirements. At a corporate level, Finance organises events which also involve families. In 2000-01, these included a children's Christmas party and an open day of the John Gorton Building and its surrounds as part of the Department's celebration of the Centenary of the APS.

In 2000-01, the Department was a finalist in the Australian Council of Commerce and Industry's Corporate Work and Family Award in the large business category.

New Childcare Centre

Finance is establishing a childcare centre in the refurbished Treasury Building in Parkes, Canberra. The centre is scheduled to open mid 2002. It will offer approximately 79 places to the children (aged between six weeks and six years old) of Finance staff. The childcare centre will greatly enhance the existing provision of carers' rooms and other facilities in the Department which support those with childcare responsibilities. On-site childcare facilities will assist Finance in meeting its goal of becoming an employer of choice. It will also provide an opportunity for staff to maximise the balance between their work and home lives.

DEVELOPMENT AND PERFORMANCE

Finance's performance management framework requires all staff and management to work together to identify development needs and opportunities on a regular basis. This includes the development of individual capabilities against the five organisational behaviours. In some areas, professionally prepared personal development plans are created for staff.

In 2000-01 Finance spent an average of \$1,910 per employee on externally provided conferences and development programmes. This expenditure does not reflect the full amount of investment made in developing Finance employees as it excludes study assistance, HECS and other financial support provided directly to employees and attendance at other development forums.

This figure equates to expenditure of three per cent of annual Departmental employee costs. It compares favourably with figures quoted in Mercer Cullen Egan Dell's *Corporate Benchmark Monitor* for expenditure in the broader public sector (\$1,022 per employee per year) and the general employment market (\$1,296 per employee per year).

While supporting development through external training, Finance also provides a significant portion of its training and development internally, through seminars, participation in special projects and task forces, temporary placements in other parts of the Department and on-the-job training.

Finance's Management Board established the Leadership Development Committee (LDC) in August 2000 to maintain a focus on leadership development. The LDC established a Future Leaders Programme (FLP) in November 2000 to further encourage the development of high performing, high potential people within the Department. There are currently 21 people participating in this programme.

The Finance Scholarship was announced on 11 October 2000, and is another element in our

continuing commitment to excellence and innovation in our HR management. Under the scholarship, a select number of high performing employees will receive assistance for postgraduate studies in Australia or overseas. Applicants are required to have a record of high achievement within the Department, a demonstrated commitment to Finance and to have been accepted for postgraduate study.

The Department assists the successful applicants by providing a loan to the students to cover a significant portion of their study costs. Scholarship holders who continue to work for the Department for at least five years after completing their studies will have an agreed amount of their loan progressively repaid by Finance.

The inaugural recipient of the Finance scholarship commenced a Master of Business Administration at Rochester University, New York, in August 2001.

Finance also encourages employees to seek out opportunities to enhance their skills and broaden the diversity of their experience through transfers within Finance, or secondments and exchanges within the public and private sectors.

FUTURE LEADERS PROGRAMME

Finance's success is built on our ability to leverage our intellectual capital and our people's knowledge and skills. Talented people with strong and effective leadership skills enable Finance to move with confidence into the future.

The FLP is an innovative programme, which aims to develop participants' leadership capabilities by exposing them to Australian and international thinkers in the areas of

management and leadership. Facilitated by a PwC strategy leader, the programme is delivered through individual assessments, internal and external courses, seminars and workshops. Participants are also required to undertake action-learning projects each supported by a General Manager, which are completed to specified time scales, and the projects culminate in presentations to senior management.

A mentoring programme gives participants access to Finance's senior executives who can help them address development and leadership issues. This programme is designed to support Finance's continuing evolution as a high performance organisation by investing in our future leaders. Additional places are being made available progressively.

Over the last 12 months, a number of Finance employees have participated in external exchange programmes with, or temporary transfers to other organisations, and participated in national and international study tours.

Performance Management

Finance's performance management system applies to both SES and non-SES staff across the Department. It helps develop our overall capability and encourages the pursuit of excellence at all levels. Finance's organisational behaviours form the basis of all employee performance agreements, in which all staff have a clear outline of their contribution to Finance's outputs, activities and targets, and their own development needs. Referring to their performance agreement, employees can readily relate their work to that of their Business Group, through business plans, and the work of the Department as a whole. Staff and managers participate in mandatory two-way performance feedback sessions twice a year. End of year

performance pay is part of the Finance performance management system, and is available to all staff.

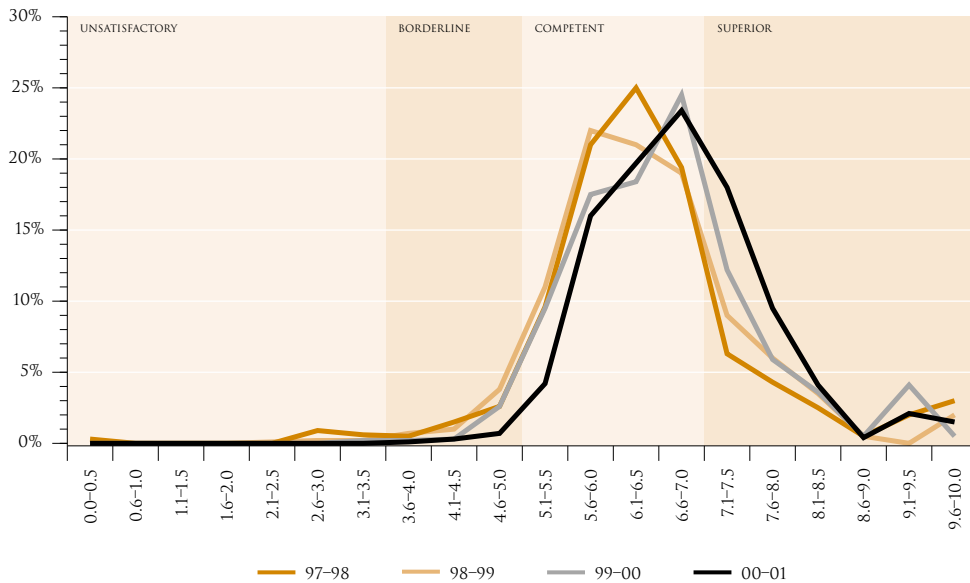
This system is now in its fourth year, and the results have shown that the overall performance of the organisation has improved each year. In 2000-01, approximately 64 per cent of staff were rated as competent, 35 per cent rated as superior and one per cent rated as borderline; for the first time, no one was rated as unsatisfactory. The average rating for non-SES staff has continued to rise.

REMUNERATION AND RECOGNITION

Flexible and Competitive Remuneration

Finance has two CAs: one for general staff, which, while past its nominal expiry date, continues to meet the needs of Finance and those employees covered by it, and another separate one for COMCAR employees. Finance's CAs and AWAs are principles-based agreements that give

STAFF PERFORMANCE RATING 1997-98 to 2000-01



our people the greatest possible flexibility in tailoring their terms and conditions of employment. Both types of employment arrangements aim to strike a balance between meeting the Department's business needs and meeting the individual needs and circumstances of each employee.

These agreements provide a broad-banded classification system that allows increases in remuneration based on individual skills and responsibilities (S&R). Individual remuneration can be reviewed annually or in response to changes in an individual's S&R, for reasons such as moving to a different job, increased responsibilities in an existing job, or completion of study or training. Under the agreements, staff can tailor their working arrangements for the greatest flexibility, balancing work and home commitments or meeting other specified needs. Both types of agreements also include a comprehensive performance management framework.

As at 30 June 2001, Finance's CA covered 38 per cent of the Department's employees, with the other 62 per cent of employees employed under individual AWAs. This does not include COMCAR staff, who are employed under a COMCAR-specific CA.

A new COMCAR drivers' Certified Agreement 2001-04 covering both permanent and casual drivers was under negotiation at year's end. This process involved a Drivers' Representative Committee and facilitator elected by COMCAR drivers. The proposed agreement was not accepted when put to the vote. A new Drivers'

Representative Committee will be elected to continue the negotiation process in 2001-02.

Impact on Productivity

Finance's employment framework aims to improve our delivery of high quality outcomes, and to cover any increases in employment benefits from productivity improvements arising from employee and management initiatives. The results for 2000-01 give Finance confidence that it has met these aims. For example, all pay rises for the initial CA and subsequent increases in S&R remuneration were met within existing appropriations. Our remuneration arrangements continued to be competitive (as evidenced in *Pay Increases in APS Agencies 2001*, published by the Department of Employment, Workplace Relations and Small Business (DEWSRB) in April 2001). Finance also internally funded more than \$3.8 million in annual performance pay to around 95 per cent of staff over each of the last four financial years. Salary payment and productivity have been linked to increases in the S&R component of individuals' salaries under the CAs and AWAs.

Further results for 2000-01 include:

- a further significant decrease in voluntary staff turnover, i.e. turnover initiated by the employee, including resignations, transfers, promotions, redundancies and retirement. This has fallen from 24 per cent in 1998-99 to 22 per cent in 1999-2000 to 15 per cent in 2000-01. Staff who initiate separation from the organisation by resigning, transferring to another organisation, or retiring early represented only 9.8 per cent.

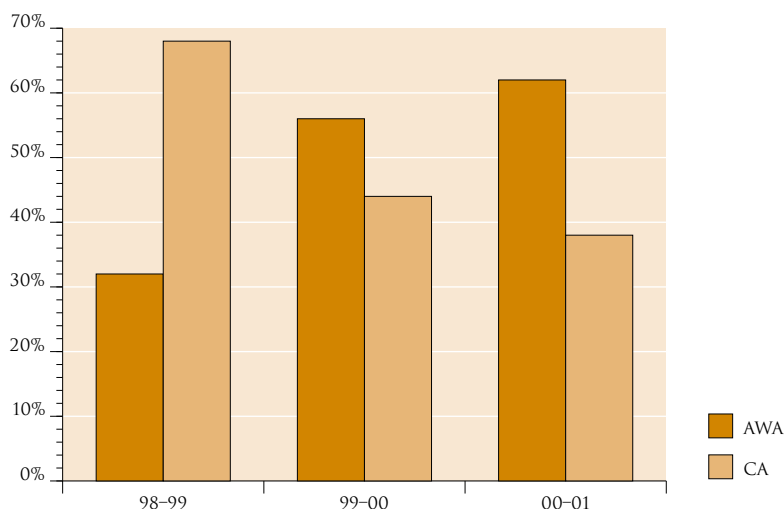
FINANCE ALUMNI PROGRAMME

The Finance Alumni Programme was developed in 2000-01, as part of the Department's leadership development activities, to enable past and present employees to maintain contact with each other and with the Department through various networking and social

opportunities. Alumni members will be able to e-mail current Finance employees and other Alumni members, view Finance's *In-focus* e-magazine and post messages to the Alumni network. They will also be invited to special Alumni events, such as seminars.

The Finance Alumni Programme was launched on 2 July 2001. The Department considers that it will be an effective way to communicate and build on our existing relationships.

STAFF ACCESSING AWAs AND CAs 1998-99 to 2000-01



This compares favourably with a public sector average of 13.4 per cent, a finance industry average of 19.1 per cent and an Australian general industry average of 15.3 per cent. (Mercer Egan Cullen and Dell, *Corporate Benchmark Monitor*, June 2000);

- an increase in productivity (assessed through our performance management system), at both individual and organisational levels, with the proportion of employees rated unsatisfactory or borderline falling from almost six per cent to one per cent over the last four years;
- an average organisational performance that has been steadily trending up since 1997-98.

Recognition

An important part of Finance's culture is recognising and rewarding high performance. Finance uses a range of monetary and non-monetary reward mechanisms to do this. Monetary rewards are provided as annual performance pay for any and all employees who performed at a higher than competent level during the preceding 12 months. For the

2000-01 financial year, more than \$4 million was paid to 664 employees to recognise and reward their extra contribution to the Department. Information about performance pay is set out in Appendix H.

Along with monetary rewards, Finance also regularly recognises the special contribution made by individuals to the work of the Department. Finance considers that recognition of excellence and endeavour within the Department is not only positive for those who gain recognition but has a flow-on effect for Finance as a whole. Staff have given positive feedback on these initiatives.

FURTHER INFORMATION

For statistics concerning Finance's staffing, please see Appendix H; information on Finance's Occupational Health and Safety performance, including compliance information, please see Appendix F; and information on Finance's performance against the Commonwealth Disability Strategy please see Appendix J.

CELEBRATING EXCELLENCE

As part of Finance's culture, we seek to celebrate exceptional contributions to the Department. One of the ways that Finance does this is through two annual award presentations:

- Secretary's Awards;
- Australia Day Awards.

These provide an opportunity for Finance to publicly recognise people who demonstrated the Department's values and behaviours and are excellent role models for others.

Secretary's Awards 2000–01

- GST Implementation Team—which worked closely with around 165 Government agencies to help them implement The New Tax System.
- COMCAR—for work done at the Sydney 2000 Olympic Games.

- AIMS Team—15 people from various agencies who worked together to improve the performance of AIMS.

Recipients of Australia Day Awards 2001

Doug Rankin
Budget Group

Bob Dal Santo
Business Services Group

Ed Lekawski
Budget Group

Ron Freestone
Business Services Group

Annette Hazell
M&PS Group

Betty White
Outsource Australia

IPAA Centenary of the Australian Public Service Awards

As part of the APS's centenary celebrations, the Institute of

Public Administration Australia (IPAA) recognised the important contributions of APS staff through the years.

The following Finance staff received awards:

Laurie Carbone
COMCAR

John Macarthur
COMCAR

Robyn Edwards
Business Services Group

Phillip Prior
Budget Group

Vanessa Graham
Budget Group

Doug Rankin
Budget Group

Fran Heap
Information Resource Centre

Ingrid Russell
Budget Group

