

The Auditor-General
Audit Report No.56 2001-02
Performance Audit

Workforce Planning in the Department of Immigration and Multicultural and Indigenous Affairs

Australian National Audit Office

© Commonwealth
of Australia 2002

ISSN 1036-7632

ISBN 0 642 80644 6

COPYRIGHT INFORMATION

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth, available from AusInfo. Requests and inquiries concerning reproduction and rights should be addressed to:

The Manager,
Legislative Services,
AusInfo
GPO Box 1920
Canberra ACT 2601

or by email:
Cwealthcopyright@finance.gov.au

Canberra ACT
13 June 2002

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Immigration and Multicultural and Indigenous Affairs in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Workforce Planning in the Department of Immigration and Multicultural and Indigenous Affairs*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

Auditor-General reports are available from Government Info Shops. Recent titles are shown at the back of this report.

For further information contact:
The Publications Manager
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Telephone: (02) 6203 7505
Fax: (02) 6203 7519
Email: webmaster@anao.gov.au

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

Audit Team

Greg Watson
Vicky Delgos
John Hawley

Contents

Abbreviations/Glossary	7
Summary and Recommendations	9
Summary	11
Introduction	11
Workforce Planning in DIMIA	12
The audit	13
Audit Methodology	14
Audit Conclusion	14
Key Findings	17
Workforce Planning in DIMIA—Chapter 2	17
The Acquisition of Human Resources—Chapter 3	17
Learning and Development—Chapter 4	18
Career Development and Succession Planning—Chapter 4	19
Performance Information—Chapter 5	19
Recommendations	21
Audit Findings and Conclusions	25
1. Introduction	27
The concept and outcomes expected from workforce planning	27
The operating environment and workforce planning in DIMIA	28
Departmental Planning	33
Audit objective, criteria and scope	35
Audit methodology	35
Use of consultants	36
2. Workforce Planning in DIMIA	37
Introduction	37
Workforce Planning	37
Workforce planning for the future	41
Conclusion	43
3. The Acquisition of Human Resources	45
Recruiting—Introduction	45
Recruiting—DIMIA	45
Conclusion—The Acquisition of Human Resources	51
4. The Utilisation of Human Resources	53
Learning and Development	53
Conclusion—Learning and Development	56
Career Development and Succession Planning	57
Conclusion—Career Development and Succession Planning	61
5. Workforce Performance Information	62
The Integration of Human Resource Data	62
Workforce Metrics	62
Conclusion	68

Appendices	71
Appendix 1: The Department of Immigration and Multicultural and Indigenous Affairs Investing in People Strategy	73
Appendix 2: The Role, Purpose and Workings of the Purchasing Agreement	83
Appendix 3: List of Overseas Locations—The Department of Immigration and Multicultural and Indigenous Affairs	84
Appendix 4: Example of a Workforce Performance Matrix	85
Index	86
Series Titles	88
Better Practice Guides	90

Abbreviations/Glossary

ALO	Airport Liaison Officer
APS	Australian Public Service
APS 1–6	Classification Levels in the Australian Public Service
AWA	Australian Workplace Agreement
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DOFA	Department of Finance and Administration
EL1–2	Classifications of Executive Levels in the Australian Public Service
HDA	Higher Duties Allowance
HR	Human Resources
HRM	A Human Resources Consultant Company
IIP	Investing in People Strategy
LOS	Length of Service
NOMAD	A Human Resource Management Information System
OH&S	Occupational Health and Safety
PALS	Performance and Learning Scheme
SES	Senior Executive Service

Summary and Recommendations

Summary

Introduction

1. Workforce planning enables an organisation to consider how best to use its human capital to achieve its outputs and outcomes. It provides leaders and managers with guidance on the acquisition, development, deployment, retention and refreshment of the workforce in a way that is closely supportive of functional and business directions. Using a workforce plan as an input to a wider planning process ensures that human resource activities are reasonably forecast, planned, targeted and budgeted for, and are aligned closely with agreed outputs and outcomes.

2. For an organisation with significant devolved people resources, workforce planning becomes even more important as it can serve as a practical framework or collection of policy settings. It is also a way of establishing effective links between the activities of individual employees with higher level outputs and outcomes.

3. Approached in this way, workforce planning becomes a key strategic activity cascading from an organisation's corporate planning process and given proper attention, will lead to enhanced and continual operational effectiveness as described below:

To be effective, strategic human capital management requires the sustained commitment and attention of senior leaders and managers at all levels of the agency. Managing the workforce is not a problem for which the organisation can supply an answer and then move on. Rather, managers must continually monitor and refine their agencies' human capital approaches to ensure their ongoing effectiveness and continuous improvement.¹

4. The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) operates in an increasingly complex environment. International events as well as domestic political and economic circumstances act as significant variables, interacting with each other to impact on the department's work. These factors, together with new and evolving APS service delivery models, funding arrangements, increasing stakeholder demands, technological development and a competitive market for talent, create an operating environment which is complex and challenging, especially for the management of human resources.

¹ United States General Accounting Office, Office of the Comptroller General, *Human Capital—A Self-Assessment Checklist for Agency Leaders, September 2000 Version 1*, p. 12.

5. In such an environment, the workforce plays a pivotal role in helping the department achieve its outputs and outcomes since employees are a form of capital which, when deployed well, can maximise and leverage other forms of capital such as technology, finance and infrastructure for superior business and organisational performance.

Workforce Planning in DIMIA

6. DIMIA has its Central Office in Canberra, has extensive national and international operations, with about 3500² permanent employees in approximately 30 Australian locations (including offices, detention centres and international airports). It is represented in 75³ overseas offices. Management of DIMIA's workforce is also impacted by the overall turnover rate which is approximately 13 per cent, and rotation of 150 staff (an additional four per cent of the staff) in permanent overseas positions every two to four years, and the requirement to:

- provide nine Airport Liaison Officers (ALO's) in short term overseas positions every three to six months;
- provide on-shore protection teams, often at short notice, to process illegal arrivals;
- rotate staff through detention centres, which are mostly located in remote locations; and
- repatriate work from overseas posts to achieve efficiencies in processing, reduce backlogs at some of these posts and to deliver improvements in the integrity of decision-making and client service.

7. Pressures from increasing workloads have translated into rapid rates of growth in the workforce with increases, in overall terms, in year 2000 of nine per cent over the previous year and by a further 10 per cent in 2001.

8. The department's approach to workforce planning in the recent past has been to focus on the delivery of key human resource strategies through the Certified Agreement with considerable devolution to business managers of the process of linking business priorities to workforce planning decisions. Human resource planning in the department is influenced by other frameworks including the establishment of a funding basis through a purchasing agreement with the Department of Finance and Administration which provides the flexibility to recruit staff quickly and efficiently in response to a growing workload without going through extensive budget processes. Notwithstanding a considerable level

² As at 10 October 2001.

³ See Appendix 3 for a full list of overseas locations.

of devolution, the department has centralised the recruitment of graduates, key middle management staff and recruitment for overseas service.

9. The department has recently released a statement of new business directions and investment priorities entitled *Business Directions 2001–2003* and *Investing for 2005 and Beyond*. There are a number of key strategies in these documents including:

- a focus on the possibilities offered by technology, particularly the Internet and e-business, for client service;
- global working—exploitation of the capacity to provide services from the location where it is most efficient and cost effective to do so; and
- to be an employer of choice.

10. The department is developing a people management strategy (*Investing in People*)⁴ to support the achievement of these business directions and to enunciate what it means to be an employer of choice in practical terms.

The audit

Audit objective and approach

11. The objective of the audit was to determine whether DIMIA's workforce planning systems are effectively supporting human resource management practices which contribute to the efficient and effective achievement of program outcomes. The areas of focus were on the following key questions:

- Does DIMIA have a workforce plan, which addresses key business requirements?
- Have broader management issues been examined as a way of improving organisational performance?
- Is workforce data integrated with reporting mechanisms to assist senior management with business planning and routine decision-making?
- Are there clearly defined vision and values statements and are they effectively communicated to all staff?
- What has been the impact of recent public sector reforms on the department's employment arrangements? and
- Has consideration been given to the shape and makeup of the workforce in the future, and what is being done about it?

⁴ See Appendix 1 for more details of the department's *Investing in People* strategy.

Audit Methodology

12. The ANAO used the better practice guide⁵ on workforce planning, published by the ANAO in 2001, as a reference document to test whether the agency had appropriate workforce planning systems in place for managing the workforce. The audit fieldwork was undertaken between June and November 2001, and involved reviewing documents and interviews with regional managers and program staff in DIMIA locations throughout Australia. The regional offices visited during the audit fieldwork were chosen based on discussions with DIMIA and included those that were considered to demonstrate some of the new and evolving features of service delivery in the department.

Audit Conclusion

13. The department has responded to an increasing workload resulting from a larger number of unauthorised arrivals, growth in applications to enter Australia and the impact of international crises, in particular in the Balkans, Timor and Afghanistan. However, existing workforce planning systems within the department have generally provided low levels of support for effective human resource management.

14. The department has allowed workforce planning to occur largely at the discretion of program and regional managers. Such a devolved approach requires a strategic workforce plan to act as a guiding framework so that human resource activities in, and across, programs and regional areas are properly aligned and coordinated with departmental outputs and outcomes.

15. The *Workforce Framework (1999–2000)*, which sets out the department's approach to workforce planning, has provided limited practical guidance to managers to assist them in focusing on short and long term staffing requirements, or on approaches to training and retention goals in support of the department's strategic directions and outputs.

16. Broader and more recent management initiatives indicate that workforce issues (both planning and operational) captured in the 'global working' and 'employer of choice'⁶ approach are recognised as central to the department's ability to deliver on its future business directions. However, expansion of the workforce has occurred with only a limited strategic view of the department's approach to the staffing, recruiting, training and succession activities required to achieve outputs and outcomes in a cost-effective manner. There is little assurance that

⁵ Australian National Audit Office, *Planning for the Workforce of the Future— a better practice guide for managers*, ANAO, Canberra, 2001.

⁶ From DIMIA's Strategic Plan *Investing for 2005 and Beyond...*

the workforce is being shaped through recruitment, training and succession activities towards the broader management goals of '*global working*' and '*employer of choice*' articulated in the department's strategic plans.

17. Although DIMIA has maintained a strong operational focus in expanding the workforce to deal with increasing workloads, there is no overall recruiting strategy. Consequently there are high levels of internal transfers, as managers seek to recruit experienced personnel from internal sources. External recruiting tends to occur at the lower levels. In a period of growth, this dilutes experience levels and increases the cost of training.

18. The department has invested money and time in the commissioning of a variety of management reports to interpret workforce data. However, these reports generally lack clarity in their analyses and do not effectively or usefully communicate the key issues to prompt management action in critical areas. These reports were focused on providing basic data to senior staff, rather than on analysis describing the impact on business, and required action.

19. The department has advised that, in response to ANAO findings, it has recently commissioned a consulting firm to workshop relevant performance measures with departmental officers.

20. The planning for future activity is extensive and currently reported in *DIMIA Business Solutions 2005* and the research documents which support it. In undertaking this work, the department has provided comprehensive material from which workforce and human resource plans could be constructed and developed.

DIMIA Response

21. DIMIA agreed with the six recommendations in this report and commented:

DIMIA welcomes the audit which has provided valuable analysis of our Human Resource planning processes and highlighted some key workforce characteristics. The audit has complemented the work the department is undertaking to:

- improve its business planning and performance reporting processes;
- develop a more strategic people management framework in particular through the Investing in People strategy; and
- develop a new service delivery model for Human Resources.

The department has developed an Investing in People strategy (IIP) which provides the framework for its goal of being an employer of choice and sets out its priorities in Human Resource management to 2002–03. Under the auspices of that framework DIMIA will be developing:

- a national learning and development strategy based on a set of core capabilities;
- defining and communicating DIMIA corporate values to staff; and
- a leadership and development framework including succession planning.

One of the projects arising from IIP is the development of a workforce planning framework. DIMIA agrees with the principal finding of the ANAO audit that the department needs a more structured form of workforce planning which provides clearer links between the department's business objectives and how it manages its people.

Key Findings

Workforce Planning in DIMIA—Chapter 2

22. Recent initiatives indicate that workforce issues (both planning and operational), captured in the department's 'employer of choice' approach, are recognised as central to the department's ability to achieve its current and future objectives. Prior to this initiative, a workforce framework provided workforce planning guidance to divisional, state and territory managers. However, the workforce framework provided limited guidance in translating the department's goals and strategies into a practical workforce plan. As a result, the links between the strategic directions and how to deliver the outputs and outcomes through a coordinated approach to workforce management are missing.

23. The ANAO also found that the department has clearly identified its key objectives for the future as encapsulated in its *Business Directions 2003* and *Investing for 2005 and Beyond* documents and in the research materials which supported their development. However, these objectives have yet to be converted into and used as inputs for workforce and human resource plans in support of the department's future objectives.

24. The audit found that the department's devolved approach to human resource functions and the use of flexible purchasing agreement arrangements can work together to permit the channelling of resources towards higher priced outputs, to the potential detriment of lower priced, but important outputs. Whilst there may be occasions where higher prices coincide with departmental priorities, in practice the existing processes are not linked to strategic plans and intentions.

25. The department has acknowledged the need to conduct workforce planning in a more systematic way. This would greatly assist it in ensuring the workforce can continue the delivery of organisational objectives now and into the future.

The Acquisition of Human Resources—Chapter 3

26. The department manages its requirement to respond to peaks and troughs in workload through deliberate workforce strategies such as the formation of task forces, and the engagement of contractors and temporary staff where required. However, the ANAO found these strategies are not coordinated in a systematic way which would facilitate the identification, attraction and selection of people who are best able to contribute to organisational capability and performance. The ANAO also found inconsistency in recruiting practices in the

regions and high levels of internal transfers, as managers seek to recruit experienced personnel from internal sources. External recruiting tends to occur at the lower levels. In a period of growth, this dilutes experience levels and increases the cost of training.

27. In response to rising workloads, the department has increased the size of the workforce by about 10 per cent in each of the past two years, through external recruitment. The rate of external recruiting, internal promotion and transfer activity in DIMIA has also increased over the last two years to the point where some 40 per cent of the workforce have been either recruited from outside the department, or promoted or transferred in or out of a position within the department in the last 12 months. This rate of activity has significant implications for the cost and effectiveness of training and for the quality of work outputs of significant numbers of people who are moving between, or are new to, their roles. In addition, staff recruited at the lowest levels have in many cases been promoted rapidly. This indicates that the work level standards are in need of review and recruitment has not taken place at an appropriate level.

28. Existing departmental performance measures do not provide the information needed to assess the impact of high levels of mobility or the dilution of experience on the timeliness and quality of decision-making, nor on the ability of the organisation to attract and retain high performing people. This represents significant challenges for the department in managing the progress of staff through more complex decision-making positions without detriment to the quality of decisions made. A coordinated approach to recruiting, as part of a wider workforce planning process, would consider: appropriate entry points to the organization; the impact of high rates of internal and external recruiting activity on the timeliness and quality of decision making; and the costs of recruitment and staff turnover. It would also establish links to a dedicated training program.

Learning and Development—Chapter 4

29. The department currently provides program specific training to equip staff with the knowledge and skills needed to achieve business outcomes. However, relevant performance and costing data is not available. Consequently, DIMIA is not able to monitor its learning and development programs to determine if they are working in practice, as well as contributing cost-effectively to desired outputs and outcomes.

30. The audit found that systematic learning is not widely promoted within the department despite the need for it, given the diversity of its portfolio interests, complex governing legislation, and the rate at which new and inexperienced

staff are promoted into demanding roles and duties. The links between existing learning and development arrangements and the department's goals are not articulated. There are few reports generated to inform management of the success of training activities and initiatives. There is potential in the longer term, for the lack of attention in the area of learning and development to diminish the workforce's ability to perform effectively.

31. Learning and development arrangements require strengthening and sponsorship within the department to support the sustained delivery of its business outcomes, as well as to articulate and guide specific learning and development solutions. The department has advised that it will develop a systematic learning and development strategy as part of its IIP strategy which will be informed by the ANAO's findings.

Career Development and Succession Planning—Chapter 4

32. The ANAO found that career development and succession planning is managed without a career development framework that articulates the department's desired outcomes. The framework also identifies growth opportunities, career paths, required skills and experiences supporting proactive career management. The audit found that informal ideas amongst staff of what are desirable work experiences for progression are common. These include the importance of learning decision-making skills on the front counter in the regions. As well, they believe that good performance in an overseas posting opens doors to other prestigious opportunities within the department. The audit found several significant practices have also been introduced as part of a range of career development activities. However, the former's utility would be enhanced if relevant career events and associated skills were clearly and systematically identified as key work experiences desired by the department of its staff. In this way, employees can be helped to define, set and obtain realistic career expectations.

Performance Information—Chapter 5

33. The ANAO found that performance information for workforce data is not integrated with reporting mechanisms in a way that assists senior management with business planning and routine decision-making. There is also some ambivalence within the department about the accuracy and usefulness of workforce data reported. In part, this is due to the lack of incentive for line managers to enter workforce related data in the existing human resource information system, resulting in incomplete information, even for fundamentally

important areas such as training investment, sick leave entitlements and recruitment costs.

34. The department has not conducted a staff commitment or satisfaction survey for some time. It also does not routinely conduct exit surveys. The introduction of well-designed staff satisfaction and exit surveys will help the department implement retention strategies as well as anticipate recruitment and skill needs, should retention efforts fail.

Recommendations

Set out below are the ANAO's recommendations aimed at improving workforce planning in DIMIA. Report paragraph references are also included. The ANAO considers that DIMIA should give priority to Recommendations 1, 3 and 5.

Recommendation

No. 1

Para. 2.12

The ANAO recommends that DIMIA prepares a workforce plan which addresses the department's intentions to plan for, structure, acquire, train and retain a workforce that is well aligned with departmental outputs and structures.

DIMIA response: Agreed. The department values its staff and recognises the importance of their contribution to the delivery of our business. The department has many elements of a workforce plan already in place. These include:

- a draft IIP strategy which links HR priorities with the department's business planning priorities;
- a funding arrangement that enables the department to match staffing with workloads;
- regular workforce reporting;
- a People Management Committee which provides central direction on HR policies including graduate and overseas recruitment and which manages the strategic placement of staff at the management level in regional offices and for the overseas service;
- specific priority corporate training activities such as training for the overseas service, lawful decision making and the National IT Skills Strategy; and
- a performance management scheme.

The department intends to bring these elements together in a workforce plan that is linked to its outcomes and business priorities as identified in its *Business Directions 2003* and *Investing for 2005 and Beyond*.

**Recommendation
No. 2
Para. 2.27**

The ANAO recommends that DIMIA extends its *Business Directions 2003* and *Investing for 2005 and Beyond* statements into workforce planning goals to guide the formulation of workforce plans.

DIMIA response: Agreed. DIMIA's *Investing for 2005 and Beyond* identifies people management as a key priority to achieve business outcomes. As a result a draft IIP strategy will be launched mid 2002 with a focus on achieving a set of national strategies around learning and development, leadership and values. The IIP strategy sets the HR policy priorities arising from DIMIA's corporate and strategic plans. As these strategies are developed, the linkages between them and the corporate directions will be made explicit.

DIMIA's approach to workforce planning is to provide a framework within which managers can operate with flexibility to acquire and structure their workforce as appropriate to enable them to deliver their outputs.

However, not all areas of HR planning lend themselves to national goal setting. For example, DIMIA would want to retain flexibility around issues like staffing mixes, recruitment strategies etc. DIMIA recognises the importance of evaluating the effectiveness of the strategies it deploys both nationally and locally and will do this as part of a regular program of workforce reporting.

**Recommendation
No. 3
Para. 3.25**

The ANAO recommends that DIMIA promulgate a recruiting and selection strategy to assist the department in the identification, attraction and selection of people who are best able to contribute to organisational capability and performance.

DIMIA response: Agreed. DIMIA recognises the need to evaluate our recruitment practices to assess their costs and the impact on the department's capacity to deliver its business effectively. DIMIA would want to keep an element of flexibility for state offices and Divisions to develop their own recruitment strategies reflecting the nature of their business and their local or specialist labour markets.

DIMIA is currently developing a set of organisational core capabilities which will provide the framework for our recruitment and learning and development strategies and our performance management arrangements. These will be reflected in the work level standards when these are revised.

**Recommendation
No. 4
Para. 4.42**

The ANAO recommends that DIMIA develop a learning and development framework incorporating career development and succession planning to support the sustained delivery of its outputs and outcomes and to provide a clear understanding of career paths and growth opportunities for employees.

DIMIA response: Agreed. The establishment of a learning and development strategy is one of the priorities in the IIP strategy and is an area the department has recognised needs investment. That strategy will be informed by workforce analysis to identify DIMIA's succession planning needs and related career development focuses. It will take into account the considerable efforts the department has taken to date to provide improved corporate and business training. The strategy will include a focus on the department's capacity to aggregate the individual learning needs identified through the Performance and Learning Scheme.

**Recommendation
No. 5
Para. 5.28**

The ANAO recommends that DIMIA identifies and sets strategic performance targets, which would allow senior management to measure and track its workforce performance regularly.

DIMIA response: Agreed. DIMIA is committed to the strategic and cost effective use of performance measures as part of its workforce planning and includes a number of these in its workforce reporting including recruitment rates, retention and separation rates.

Recommendation
No. 6
Para. 5.30

The ANAO recommends that DIMIA introduce a regular program of staff satisfaction and exit surveys to be a leading indicator of staff commitment and to assist with workforce forecasting as well as retention and recruiting strategies.

DIMIA response: Agreed. The department agrees that targeted staff and exit surveys are a useful tool in workforce planning and is working to extend them, leveraging off existing surveys such as the Values survey commissioned as part of the State of the Service report and the Performance and Learning Scheme survey.

Audit Findings and Conclusions

1. Introduction

Planning, organising and sustaining a large group of employees in the face of competing and often conflicting demands, in a way that will result in a skilled, committed and flexible workforce for the achievement of departmental outputs and outcomes, is a constant and complex challenge. This Chapter describes the concept of, and outcomes expected from, workforce planning. In addition, it describes DIMIA's operating environment, together with the background to the audit, the audit objectives and approach.

The concept and outcomes expected from workforce planning

1.1 There are two key principles central to the notion of human capital management. First, people are assets whose value can be enhanced through investment. As with any investment, the goal is to maximise value while managing risk. As the value of people increases, so does the performance capacity of the organisation, and therefore its value to clients and other stakeholders. Second, an organisation's human capital policies must be aligned to support the organisation's 'shared vision' – that is, the mission, vision for the future, core values, goals and objectives, and strategies by which the organisation will achieve its direction and its expectations for itself and its people. All human capital policies and practices should be designed, implemented, and assessed by the standard of how well they help the organisation pursue its shared vision.⁷

1.2 The concept of workforce planning is a recognised avenue in which organisations can approach the identification and articulation of how its workforce will be acquired, developed, deployed, retained and refreshed to achieve its outputs and outcomes in a systematic manner.

1.3 A workforce plan serves the following two key functions:

- it provides leaders and managers with guidance on matters concerning the acquisition, development and deployment of its workforce in a way that cascades from, and is closely supportive of, departmental outputs and outcomes; and
- it provides accurate and appropriate human resource input into budgetary and funding mechanisms.

⁷ United States General Accounting Office, Office of the Comptroller General, *Human Capital, A Self-Assessment Checklist for Agency Leaders*, September 2000 Version 1, p. 1.

The benefits of workforce planning

1.4 As described in the ANAO's better practice guide,⁸ workforce planning can help the department continue to deliver its outputs and outcomes by:

- strengthening organisational capability to support the achievement of business outputs and outcomes now and in the future;
- encouraging an understanding of the department's workforce profile, based on an analysis of rigorous and useful workforce data;
- facilitating rapid and strategic response to change;
- assisting in the identification and management of people with the knowledge critical for effective and efficient business operations; and
- providing a mechanism for directly linking expenditure on people with business outputs and outcomes.

The operating environment and workforce planning in DIMIA

1.5 In the face of changes in Government policy and increasing operational demands, DIMIA has developed a range of goals and strategies to achieve its outputs and outcomes. At the time of the audit,⁹ the department was organised to deliver two outcomes; *the lawful and orderly entry and stay of people* (Outcome 1), and *a society which values Australian citizenship, appreciates cultural diversity, and enables migrants to participate equitably* (Outcome 2). The outputs and outcomes are achieved by the delivery of the department's principal roles, which at the time of audit were:¹⁰

- issuing visas for migrants, temporary entrants, business visitors, students and tourists;
- processing people moving into and out of Australia through Australian air and sea ports;
- assessing the character, health and bona fide's of applicants applying for entry into Australia;
- fulfilling Australia's protection obligations to refugees in Australia and offering humanitarian resettlement to eligible refugees and others who are found to be in need of protection;

⁸ *Planning for the Workforce of the Future—a better practice guide for managers*, March 2001, Australian National Audit Office.

⁹ As a result of the administrative arrangements of 23 November 2001, the department has also assumed responsibility for Indigenous Affairs under a new Outcome 3.

¹⁰ Source: Portfolio Budget Statements 2001-02—Immigration and Multicultural Affairs Portfolio.

- locating, detaining and removing unlawful non-citizens;
- identifying and reducing irregular immigration, people smuggling and other immigration malpractice and fraud;
- increasing the ability of eligible settlers to participate in Australian life;
- administering the Australian Citizenship Act; and
- contributing to maintaining and further enhancing appreciation of Australia's cultural diversity.

1.6 The department's workload is impacted by domestic, international, political and economic trends. There have been three notable features of the department's recent workload:

- fluctuations in regulating the entry and stay of people into Australia;
- growth in international people movements particularly unauthorised arrivals into Australia by boat; and
- the impact of international crises, in particular in the Balkans, East Timor and Afghanistan.

1.7 DIMIA's employs between 3500 and 3800¹¹ people across 75 locations in Australia and overseas.¹² Of these, 150 are rotated through permanent overseas positions every two to four years. Other factors (listed below) influence the allocation of staff resources. Workforce deployment is not static. Specifically, there is a requirement to:

- provide nine Airport Liaison Officers (ALO's) in short term overseas positions every three to six months;
- provide trained staff¹³ (often at short notice) to process illegal arrivals;
- rotate staff through detention centres, which are mostly located in remote locations; and
- repatriate work from overseas to achieve efficiencies in processing and reduce backlogs at some of the overseas posts.

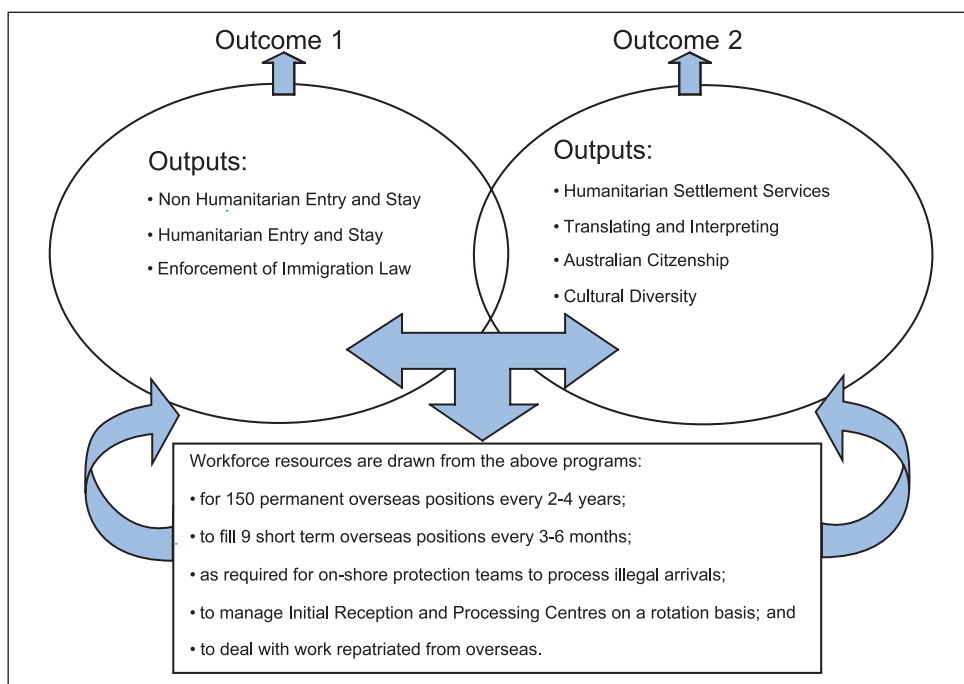
1.8 The key points illustrating the deployment of workforce resources within the department in response to operational need are shown in Figure 1.1.

¹¹ Comprising ongoing (permanent) and non-ongoing (temporary) full time and part time staff.

¹² See Appendix 3 for a listing of DIMIA's Overseas Locations.

¹³ Known within the department as on-shore protection teams.

Figure 1.1
Organisation of DIMIA's Workforce



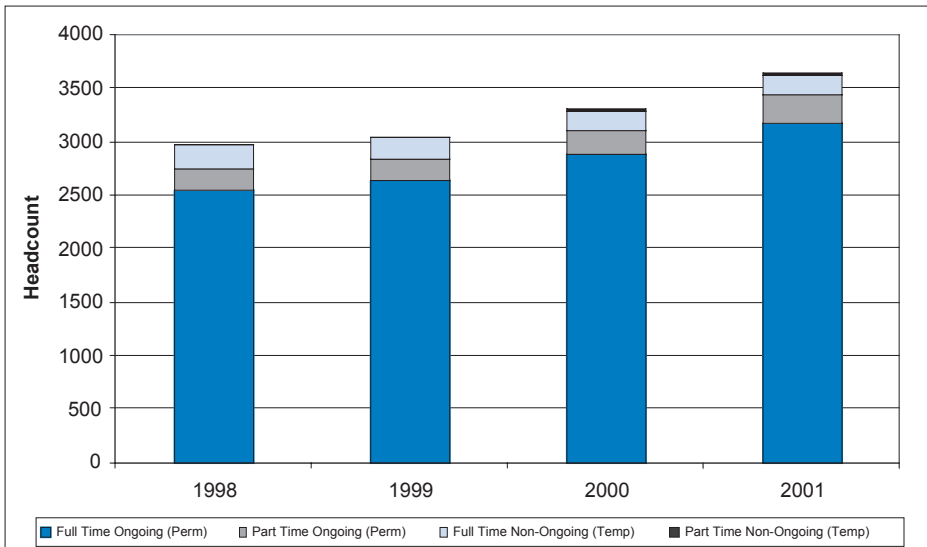
Source: ANAO (Based on DIMIA data)

1.9 DIMIA has also taken some initiatives to manage workload growth brought on by higher expectations of faster decision-making, and rising levels of attempted fraud in some caseloads.¹⁴ The 'global working' and 'on-line lodgement and processing' initiatives are two of the strategies being implemented to improve client service and program integrity over the next few years. 'Global working' involves repatriating aspects of work from overseas to Australia, which releases overseas resources for more efficient processing of the caseload elements which need to be dealt with overseas. 'On-line lodgement and processing' involves developing mechanisms to allow more clients to interact with the department via the Internet; for example visitor visa extensions and resident return visas can already be completed through the Internet.

1.10 The above changes and overall growth in most caseloads have translated into rapid rates of growth in the workforce. Figure 1.2 shows, that in 2000, the workforce had grown by 269 people (nine per cent) over the previous year and by a further 321 people (10 per cent) in 2001.

¹⁴ Source: DIMIA 2000-01 Annual Report, p. 18.

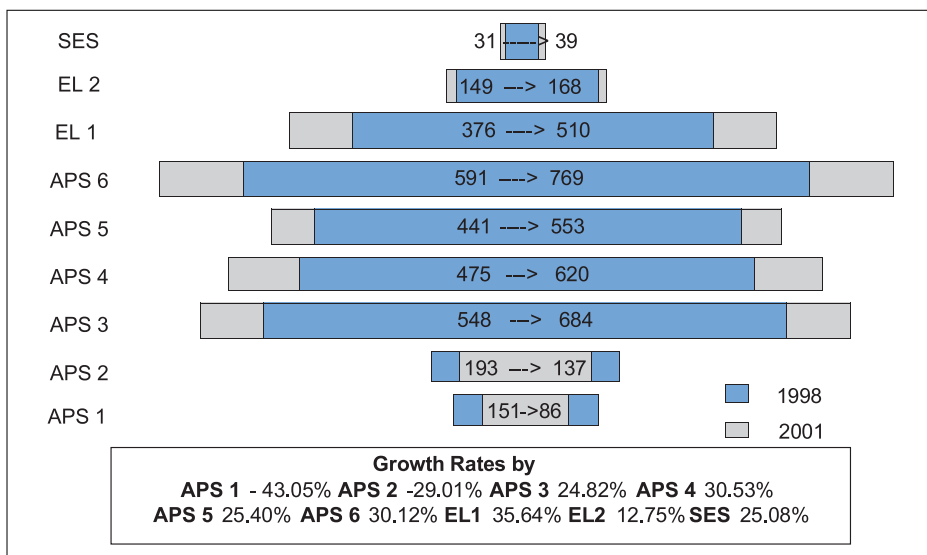
Figure 1.2
DIMIA Workforce 1998–2001



Source: DIMIA

1.11 Further analysis shows that growth has occurred at the levels of APS 3 and above. There have been some reductions at the APS 1 and APS 2 levels. Figure 1.3 illustrates the distribution of positions by level in 1998 and in 2001, together with an insert showing the rates of growth and reduction at each level, using 1998 as the base year.

Figure 1.3
DIMIA Workforce by Level 1998–2001



Source: DIMIA

1.12 Figures 1.2 and 1.3 show that, in addition to growth in overall terms, rates of growth and reduction at particular levels have been uneven. They have occurred according to continuing changing circumstances in departmental workload. The greatest number of additional positions has been created at the APS 3–6 level staff. Staff at these levels are often referred to as ‘decision-makers’ as their employment routinely involves making decisions about visa applications of varying complexity. There has also been a significant increase in the number of managers at Executive Level 1.

1.13 The increased level of staff (from 1998 until now) costs an additional \$41 million per year in salary, bringing total employee expenses in 2001 to about \$250 million, made up of salary, superannuation, and administrative overhead costs, such as provisions for leave, including long service leave. The department funds this increase through its purchasing agreement with the Department of Finance and Administration (Finance).

The Purchasing Agreement¹⁵

1.14 The purchasing agreement sets out what services DIMIA will provide and what price the Commonwealth will pay for these services. The purchasing agreement provides a level of certainty, in terms of providing DIMIA with ongoing additional resourcing when increasing external demands are placed upon the department. It also allows funding not required by DIMIA to be returned to the Budget.

1.15 The purchasing agreement arrangements have provided a valuable tool for the department in dealing with resource issues driven by external activities, outside the budget process, such as surges in the number of boat arrivals. The arrangements provide funding to the department for particular outputs; for example, the detection and removal of illegal arrivals at a point of entry to Australia, will provide funding resources to DIMIA based on a series of agreed prices for the products or drivers that make up that process. Depending on the resources required to deliver the outputs, some activities provide more funding to the department than others.

1.16 The purchasing agreement also includes funding to provide for corporate overheads, such as training and planning for the future.

1.17 The purchasing agreement has allowed the department to invest in people to develop preventative activities to minimise reactive, and often expensive, workloads. For example, the successful prevention of unlawful entry and interception of unauthorised people at the border reduces, and in some cases eliminates, expensive detention costs.

¹⁵ See Appendix 2 for further information on the role, purpose and workings of the Purchasing Agreement.

Departmental Planning

1.18 Strategic direction flows from the *Business Directions 2001–2003* and *Investing for 2005 and Beyond* documents.¹⁶ From the latter flows the guiding principles for the development of DIMIA's policies and delivery of their services summarised at Figure 1.4.

Figure 1.4

Extract from DIMIA's Investing for 2005 and Beyond...

HOW WE WANT TO BE WORKING IN 2005

For our clients and the community, our business processes will:

- Be Accessible for clients
- Be Transparent
- Add value

And we will deliver these by being...

- Business-like
- Cost effective
- An employer of choice

Investing in People

1.19 The *Investing in People* (IIP) strategy is one of the strategies designed to address the linkages between service delivery, human resourcing and departmental outputs and outcomes, including achievement of the 'employer of choice' goal. The IIP is a people management strategy developed throughout 2001 for progressive implementation in 2002 to support the achievement of business directions. The development of the strategy was informed by interviews with key business managers and members of the department's management board. Several issues were identified through this process with respect to people management in the agency.

1.20 The following critical staff skills were identified:

- enhanced ability with technology;
- relationship management and representational skills;
- flexibility, judgement and a focus on outcomes;
- policy development skills including strategic thinking and analytical skills;

¹⁶ Source: DIMIA.

- contract and project management skills;
- staff management; and
- a focus on process improvement.

1.21 Under the *IIP* strategy, the role of the Placements Committee (see Chapter 4) has also been broadened into a People Management Committee with a broader responsibility for Human Resource policy direction and setting. A number of strategic issues that need to be addressed have also been identified including:

- improving business and workforce planning;
- communication of business priorities and objectives to staff; and
- leadership development.

The Certified Agreement

1.22 A key part of the department's human resource management strategy is its certified agreement which, through a composite allowance structure, provides the flexibility to remunerate employees when required to work in remote areas and/or undertake priority work in exceptional circumstances. In recognising that overseas service is integral to the department's operations, specific conditions of service have also been developed for employees working overseas.

1.23 The certified agreement provides assistance to enable employees to balance their work and personal lives through provisions such as flexible working hours and flexible leave arrangements, including family leave. The certified agreement also sets out the APS values, DIMIA's Code of Conduct and values, and provides for dispute avoidance and settlement procedures as well as formal Review of Actions procedures.

The Workforce Planning Framework (1999–2000)

1.24 A workforce planning framework (1999–2000) has guided workforce planning in DIMIA. The framework sets out a series of initiatives that DIMIA has taken or intends to take, with some giving a time line. The status of issues identified in that framework have been reported against twice, once in 1999 and a more recent report in April 2001.

1.25 The two reports provide information and some statistical analysis on workforce planning. The statistics collected were comprehensive, noting that the department has been operating with multiple collection points. The existing human resource information system is scheduled for replacement in financial year 2002–03. While the two reports identify key issues and provide some facts

about the department's workforce, together they do not define for individual managers any specific human resource activity.

Audit objective, criteria and scope

1.26 The objective of the audit was to determine whether DIMIA's workforce planning systems are effectively supporting human resource management. The audit focused on the following key questions:

- Does DIMIA have a workforce plan, which addresses key business requirements?
- Have broader management issues been examined as a way of improving organisational performance?
- Is workforce data integrated with reporting mechanisms to assist senior management with business planning and routine decision-making?
- Are there clearly defined vision and values statements and are they effectively communicated to all staff?
- What has been the impact of recent public sector reforms on the department's employment arrangements?
- Has consideration been given to what the workforce will look like in the future?

Audit methodology

1.27 The audit fieldwork was undertaken between June and November 2001. It involved reviewing of documents and discussions with regional managers and program staff and visits to five DIMIA locations throughout Australia.¹⁷ The regional offices visited during the audit fieldwork were chosen based on discussions with DIMIA and included those that were considered to demonstrate some of the new and evolving features of service delivery in the department.

1.28 The sample of areas visited was not designed to provide statistically significant results. However, they do represent a cross section of DIMIA's operations and the findings are indicative of the department's approach to workforce planning. At each site visited, the ANAO met with managers and staff representatives to discuss human resource issues and reviewed available documentation. The ANAO provided DIMIA with regular feedback on its findings against the audit criteria.

¹⁷ The audit did not extend to the recruitment, selection and management of Locally Engaged Staff (LES) in overseas posts. LES are drawn from local communities overseas, are managed by Australian Immigration Officers and perform lower level processing tasks.

1.29 The audit was conducted in conformance with ANAO auditing standards and cost approximately \$275 000.

Use of consultants

1.30 Spherion Workforce Architects was contracted by the ANAO to the audit to provide specialised assistance in examining DIMIA's workforce systems.

2. Workforce Planning in DIMIA

This chapter examines DIMIA's workforce planning strategy and the framework in place to plan, coordinate and integrate the recruitment, deployment and development of staff for the achievement of departmental outputs and outcomes.

Introduction

2.1 DIMIA has a diverse workforce carrying out a range of functions across a global network. It has significantly devolved its human resource functions to program and line managers and staff can be drawn from multiple locations and programs in response to shifting workloads. As shown earlier, the workforce has expanded by nine per cent in 1999–2000 and by a further 10 per cent in 2000–2001.

2.2 It is important therefore that DIMIA plans and coordinates its human resources to take account of the different needs of the programs and the regions as well as the individuals, which vary over time and according to operational pressures. In particular, the human resource function should be aligned and integrated with operational planning to establish the links between the activities of individual employees with higher level outputs and outcomes. Workforce planning also serves as a practical framework or collection of policy settings for devolved human resource activity to assist managers in focusing on short and long term staffing, skill and retention goals in relation to, and support of, the department's business directions and outputs.

Workforce Planning

2.3 The ANAO found that DIMIA had a number of plans in place which addressed workforce planning either directly or indirectly. The strategic level documents *Business Directions 2001–2003* and *Investing for 2005 and Beyond* promulgate the 'employer of choice' initiative and also provide information about 'global working', described by the department as performing work where it suits to achieve greater efficiencies, integrity or better client service. The link between these higher level documents and workforce planning has been provided by a workforce planning framework.

2.4 The *Workforce Planning Framework (1999–2000)* devolved workforce planning to divisional, state and territory managers. The department has advised that, operating under a principles-based and outcomes-focussed framework, responsibility for industrial relations and human resourcing are, in the main, devolved to local managers to plan for and resolve workplace issues. However,

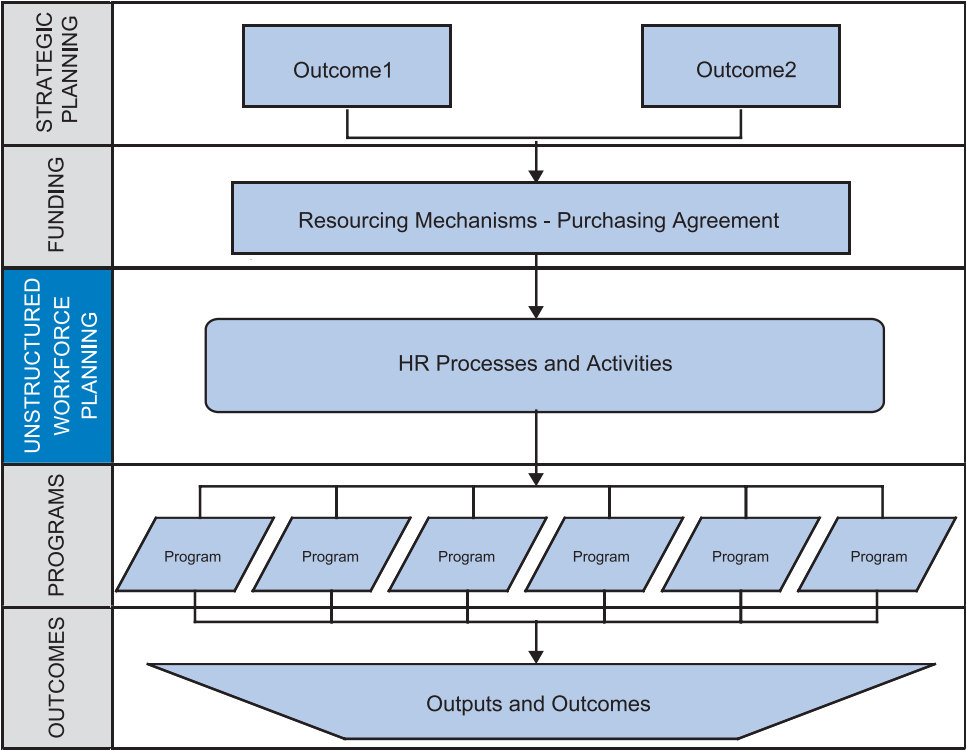
the framework provided limited guidance on linking the strategic level documents (discussed above), with delivery of the outputs and outcomes through a coordinated approach to recruitment, selection, training and retention.

2.5 As discussed in the preceding chapter, the purchasing agreement has allowed the department to invest in a larger workforce to deal with an increasing workload. It has also allowed the department to develop preventative measures, such as the interception of illegal arrivals at point of departure, so that the reactive and often more expensive processing or detention costs are minimised. Purchasing agreement targets are promulgated to regional and program managers, and form the basis of departmental work plans.

2.6 The audit found in some regional offices a perception that achieving, or over-achieving purchasing agreement targets would assist the department to achieve a favourable budget outcome. The purchasing agreement prices include an amount for overheads which includes the resources for important support activities such as training. However as discussed later, there is an absence of an overall training strategy which places at risk the allocation of resources to training. The audit found, in some cases, there was an imbalance between the pursuit of targets and the need to provide training (Chapter 4 deals with training in more detail). The ANAO also noted that this was leading to the channelling of more skilled staff to those activities that received a higher level of funding from the purchasing agreement. As a result, the audit found that important, but lower priced outputs are at risk of being overlooked or given a lower priority. Whilst there may be occasions where higher prices coincide with departmental priorities, in practice the existing processes are not directly linked to strategic plans and intentions. The department argues that its policy is quite clear; managers should not pursue purchasing agreement targets to the detriment of broader business priorities, and is driving accountability for this with its managers.

2.7 The audit also found that under the current workforce framework, elements of the workforce planning process in DIMIA have been unstructured. The existing human resource processes are not linked to corporate plans, and current arrangements do not describe how the outputs are to be delivered through a coordinated approach to recruiting, training, selection and retention. This does not allow human resource inputs to influence strategic planning arrangements and processes in any planned and proactive way. Conceptually, the current process is depicted in Figure 2.1.

Figure 2.1
Current Workforce Planning Process at DIMIA



Source: ANAO

2.8 The audit found a lack of integration in the approach to human resource activities including:

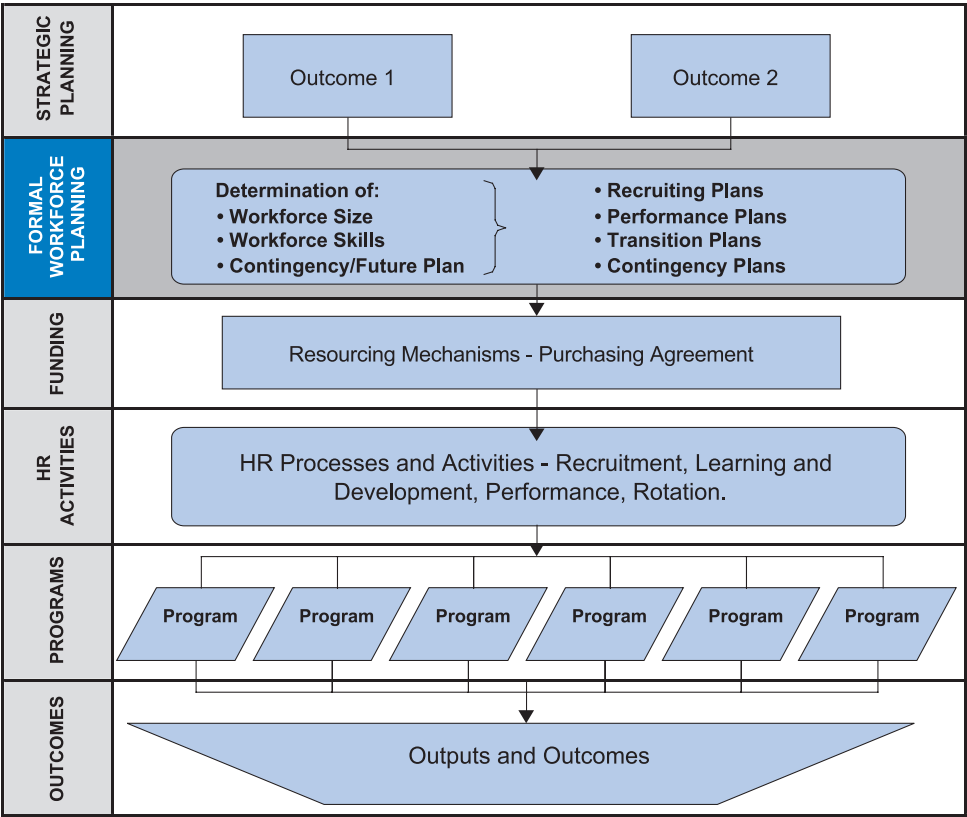
- in some cases, misalignment of human resource activities with business requirements;
- a piecemeal approach to common workforce issues such as recruitment where an integrated or national approach may have been more appropriate (See Chapter 3); and
- a lack of strategic focus on development activities for the workforce, and poor understanding of the generic and specialist skills required by employees and the kinds of training which will be required and by whom (See Chapter 4).

2.9 A more systematic approach to workforce planning would enable the department to plan for the use of its staff in a cost-effective manner. Such an approach provides for the alignment of the department’s workforce with its outputs and outcomes, using such inputs as the basis for funding. This can assist

in providing management oversight of planned and budgeted human resource activities which are tied closely to departmental outcomes.

2.10 Systematic workforce planning would occur as part of the department’s planning processes and continue as an evolving process throughout the department’s planning cycle. This is illustrated in Figure 2.2.

Figure 2.2
A More Systematic Approach to Workforce Planning



Source: ANAO

2.11 Approached in this way, workforce planning becomes a key strategic human resource activity, cascading from the department’s strategic planning process and flowing into its strategic budgetary process. This would result in the construction of a workforce plan, which would inform and guide human resource practice at all levels and in all regions. Further, such a plan would serve as a basis to evaluate the effectiveness of human resource and workforce activities, its contribution to outputs and outcomes and assist in calculating the returns on investment made in human resourcing decisions.

Recommendation No.1

2.12 The ANAO recommends that DIMIA prepares a workforce plan which addresses the department's intentions to plan for, structure, acquire, train and retain a workforce that is well aligned with departmental outputs and outcomes.

DIMIA Response

2.13 Agreed. The department values its staff and recognises the importance of their contribution to the delivery of our business. The department has many elements of a workforce plan already in place. These include:

- a draft IIP strategy which links HR priorities with the department's business planning priorities;
- a funding arrangement that enables the department to match staffing with workloads;
- regular workforce reporting;
- a People Management Committee which provides central direction on HR policies including graduate and overseas recruitment and which manages the strategic placement of staff at the management level in regional offices and for the overseas service;
- specific priority corporate training activities such as training for the overseas service, lawful decision making and the National IT Skills Strategy; and
- a performance management scheme.

2.14 The department intends to bring these elements together in a workforce plan that is linked to its outcomes and business priorities as identified in its *Business Directions 2003* and *Investing for 2005 and Beyond*.

2.15 DIMIA has also commenced an annual business planning and budget review process that requires business managers to look at workload trends, pressures from the external environment and service delivery and business process improvement initiatives and their resourcing impacts including financial, technological and human resources. The data gathered through the budget review will also be used to establish annual workforce planning priorities.

Workforce planning for the future

2.16 Successful organisations have a good understanding of their future business direction and workforce needs, both agency-wide and at business unit level. This enables them to make effective decisions today to attract, develop and retain the appropriate workforce to meet future business objectives and other imperatives.

2.17 The department has carried out significant external and internal environmental scans to identify factors which could potentially influence its operations and to underpin the construction of its *Business Directions 2003* and *Investing for 2005 and Beyond* statements.

2.18 The planning for the future activity of the department is comprehensive and currently reported in an internal document, *DIMIA Business Solutions 2005*, which is in two parts. Part 1 contains the Secretary's portfolio address, business directions and strategic initiative statements, and strategic plans for delivering government services on-line. Part 2 contains:

- goals of the Commonwealth Government;
- forecasts by others, including population and demographic predictions;
- world economic outlook for the economy and industry;
- environmental trends;
- biotechnology; and
- DIMIA's business requirements.

2.19 However, this research and the future directions statements have not been used in any systematic manner to shape the department's future workforce and human resource plans. Only limited analysis has been conducted on how research findings or stated future departmental objectives would impact on and inform the department's human resource functions including its:

- organisational structure;
- staffing configurations and mix;
- skills and development needs;
- succession planning; and
- recruitment, retention and renewal activities for the next five years and beyond.

Scenario Planning

2.20 Most of the research on external and internal factors contained in the *DIMIA Business Solutions 2005* document is extensive in its scope and detail. However, the ANAO considers that, given the dynamic environment in which the department operates, future planning would be improved through analysis of alternate scenarios in response to potential domestic political options. The latter may significantly influence policy and operations and subsequent human resource functions.

2.21 The ANAO recognises that there are some limitations in attempting detailed future planning, especially when the environment in which DIMIA operates is becoming increasingly complex and unpredictable. Accuracy in predicting the future through means such as forecasting, computer simulations and the predictions of futurists, may be less important than identifying the drivers or factors from information routinely gathered by the department, and identifying those which would impact on departmental policy and operations, and its stated goals.

2.22 An approach to future planning, which links potential scenarios with their impact on human resource functions, would assist in the construction of a workforce plan and accompanying processes and systems, which would be robust, flexible and responsive to change. This approach would not bind the department with a workforce plan that is based on predicting an increasingly unpredictable future. Rather, it would assist the department in distinguishing the more important out of the myriad of influencing variables, which could impact on its stated objectives. In this context, such an approach would provide for systematic incorporation of sufficient contingency arrangements, meaningful management tracking and monitoring of current, as well as leading, workforce indicators, continual learning and development for employees, and a better alignment of human resource functions with organisational goals.

Conclusion

2.23 Recent initiatives indicate that workforce issues (both planning and operational), captured in the department's '*employer of choice*' approach, are recognised as central to the department's ability to achieve its current and future objectives. Prior to this initiative, a workforce framework provided workforce planning guidance to divisional, state and territory managers. However, the workforce framework provided limited guidance in translating the department's goals and strategies into a practical workforce plan. As a result, the links between the strategic directions and how to deliver the outputs and outcomes through a coordinated approach to workforce management are missing.

2.24 The ANAO also found that the department has clearly identified its key objectives for the future as encapsulated in its *Business Directions 2003* and *Investing for 2005 and Beyond* documents and in the research materials which supported their development. However, these objectives have yet to be converted into and used as inputs for workforce and human resource plans in support of the department's future objectives.

2.25 The audit found that the department's devolved approach to human resource functions and the use of flexible purchasing agreement arrangements

can work together to permit the channelling of resources towards higher priced outputs, to the potential detriment of lower priced, but important outputs. Whilst there may be occasions where higher prices coincide with departmental priorities, in practice the existing processes are not linked to strategic plans and intentions.

2.26 The department has acknowledged the need to conduct workforce planning in a more systematic way. This would greatly assist it in ensuring the workforce can continue the delivery of organisational objectives now and into the future.

Recommendation No. 2

2.27 The ANAO recommends that DIMIA extend its *Business Directions 2003* and *Investing for 2005 and Beyond* statements into workforce planning goals to guide the formulation of workforce plans.

DIMIA Response

2.28 Agreed. DIMIA's *Investing for 2005 and Beyond* identifies people management as a key priority to achieve business outcomes. As a result a draft IIP strategy will be launched mid 2002 with a focus on achieving a set of national strategies around learning and development, leadership and values. The IIP strategy sets the HR policy priorities arising from DIMIA's corporate and strategic plans. As these strategies are developed, the linkages between them and the corporate directions will be made explicit.

2.29 DIMIA's approach to workforce planning is to provide a framework within which managers can operate with flexibility to acquire and structure their workforce as appropriate to enable them to deliver their outputs.

2.30 However, not all areas of HR planning lend themselves to national goal setting. For example, DIMIA would want to retain flexibility around issues like staffing mixes, recruitment strategies etc. DIMIA recognises the importance of evaluating the effectiveness of the strategies it deploys both nationally and locally and will do this as part of a regular program of workforce reporting.

3. The Acquisition of Human Resources

This chapter reviews DIMIA's processes for the selection of human resources from internal and external sources to ensure the people who are best able to contribute to organisational capability and who are most likely to perform or 'fit' within the prevailing culture are identified and selected.

Recruiting—Introduction

3.1 There is no compulsory recruiting or selection process in the APS. Recent legislative changes introduced by the *Public Service Act 1999* have meant that the framework for the management of merit in engagement and promotion has moved from a centrally prescribed or recommended process to a variety of processes depending on the needs and circumstances of individual agencies.¹⁸

3.2 Organisations frequently use a variety of internal and external recruiting strategies to locate and engage staff. Although one strategy may work well for some organisations, the same techniques may prove ineffective for others. By integrating both internal and external recruiting techniques, an organisation can develop an overall recruiting plan that is specifically tailored to support its overall strategy and result in the selection of the best-qualified applicant for each position.¹⁹

3.3 The presence and use of a structured and practical recruitment plan which identifies an organisation's staffing needs is an essential part of ensuring that the department has the required staffing levels and capabilities to achieve its outputs and outcomes in a cost effective manner.

Recruiting—DIMIA

3.4 As indicated in the previous chapter, the *Workforce Planning Framework (1999–2000)* devolved workforce planning to divisional, state and territory managers, including responsibility for general recruiting and selection activity. DIMIA's certified agreement contains a section that deals with recruitment and it provides some guidance to ensure consistency across the department in the management of recruitment processes and related employment matters such as probation. Central Office also coordinates the recruiting and selection of

¹⁸ Public Service and Merit Protection Commission, *State of the Service 2000–2001*, PSMPC, Canberra, 2001, p. 63.

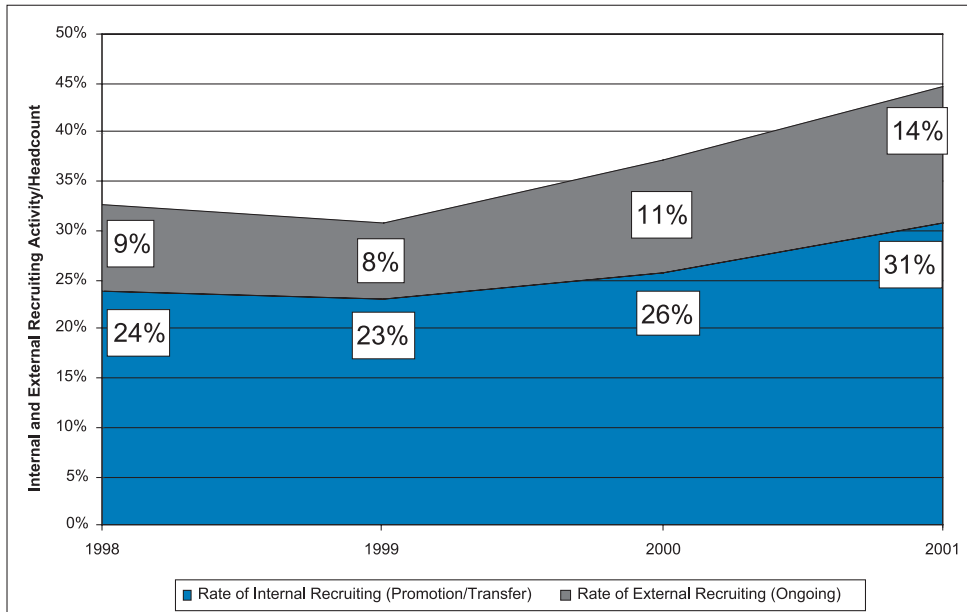
¹⁹ A. R. Nankervis, R.L. Compton & T.E. McCarthy, *Strategic Human Resource Management*, 3rd Edition, Nelson Thomson learning books, Ohio, 1999, p. 253.

graduates and conducts some specific recruiting activities when required. For example, DIMIA has advised that it has developed a recruitment and training package for IT specialists which has enabled it to attract and retain specialist staff, and this program is well regarded in the department.

3.5 The ANAO noted that at the time of the audit, the department had not promulgated a recruiting policy to ensure all sections of the department were aware of the legislative changes introduced by the *Public Service Act 1999*, other than the limited guidance provided in the Certified Agreement. The department advises that it is taking steps to rectify this. However, it was also noted that there was some inconsistency in recruiting practices across the department, with staff in some locations being engaged as ongoing employees for positions expected to be ongoing, while others performing the same ongoing function in a different location were engaged as non-ongoing staff. The ANAO noted that these different approaches have not been evaluated to determine their effectiveness in dealing with fluctuating workloads and in attracting staff who are best able to contribute to organisational capability.

3.6 As a result of the recent high levels of growth in demand, internal and external recruiting activity in DIMIA has increased over the last two years. However, the department's existing workforce framework was developed when the size of the workforce was more stable, and the framework provides little guidance on the department's recruiting policy. Figure 3.1 shows the number of:

- internal movements (i.e. the number of internal transfers at level and promotions per year); and
- the number of external recruits joining DIMIA, either from other agencies within the APS or from the private sector.

Figure 3.1**Rate of Recruiting, Transfer and Selection Activity in DIMIA 1998–2001**

Source: DIMIA

3.7 Figure 3.1 shows that the rate of internal transfers and promotions has increased from about 24 per cent of the total workforce in 1998 to about 31 per cent in 2001.²⁰ External recruiting to the permanent workforce has increased from about nine per cent in 1998 to about 14 per cent in 2001.

3.8 In some DIMIA programs, where the knowledge requirements are quite specialised, managers who are required to expand their operations due to increasing workloads, seek experienced staff from internal sources. This, coupled with the need to create taskforces to deal with contingencies, creates the high levels of internal mobility displayed above. It also generates a requirement to replenish, via external recruiting, the traditional feeder groups, and is exacerbated by the need to replace those lost through natural wastage. At around six per cent, the Department has one of the lowest overall employee initiated separation rates in the public sector. Despite losses from all levels however, external recruiting tends to be focused on APS level 1–4 employees, although the *Public Service Act 1999* allows the department to recruit to any level from external sources.

²⁰ The number of internal transfers and promotions represents the total number of movements; i.e. the movement of an officer into and out of a taskforce would count as two movements.

Internal Recruiting

3.9 As indicated above, organisations use a variety of methods of recruitment. When a vacancy is identified, a decision is made to fill from internal or external sources. If the decision is to select from internal sources, the position will be filled either by promotion or transfer. Filling positions internally (internal recruitment) has the advantage that management knowledge of the employee is likely to be more accurate and thus provide a better prediction of success than information gained about external candidates. Human resources also constitute a significant investment; it makes economic sense to try and improve the return on this investment by making full use of the abilities of existing employees.

3.10 Aside from economic considerations, a policy of internal recruitment can also be a useful indicator of an organisation's commitment to career development and training (Career development and training is discussed further in Chapter 4). However, the rate of internal mobility in DIMIA is well outside private and public sector industry benchmarks for similar size organisations. Figure 3.1 (above) shows DIMIA's rate of internal recruiting to be about 30 per cent. This compares with an average rate of 7.6 per cent²¹ in the public sector and about eight per cent²² in private industry.

3.11 The department has indicated that high rates of internal recruitment are part of a deliberate workforce strategy, with people moving into and out of taskforces as required. However, the ANAO noted that the rates and effects of internal recruitment are not monitored. Combined, the rates of internal and external recruitment contribute to a high rate of movement in the organisation, often referred to as 'churn', with about 40 per cent of staff having been recruited, promoted or transferred in or out of a new position in 2000 and 2001. This compares to a median combined rate of internal and external recruitment of about 13 per cent in the public sector.²³ This has implications for DIMIA in assessing the effectiveness of personnel in their positions, for the amount of training to be provided, and for the quality of the work being completed.

External Recruitment

3.12 Filling positions from external sources has the advantages of a potentially larger pool of talent and the provision of knowledge and skill not widely available from internal sources. Disadvantages with external recruitment involve the risks of selecting someone who does not perform, or at least 'fit' with the prevailing culture and longer periods of adjustment or orientation that may be required.

²¹ Source: *HRM Consulting Benchmarking Report—March 2001*.

²² Source: A. R. Nankervis, R.L. Compton & T.E. McCarthy, *Strategic Human Resource Management*, 3rd Edition, Nelson Thomson learning books, Ohio, 1999, p. 254.

²³ Source: *HRM Consulting Benchmarking Report—March 2001*.

3.13 As indicated earlier, external recruiting tends to be focused on APS1–4 level staff. However, the ANAO considers that the existing work level standards are in need of review. Data from the human resource information system shows that some externally recruited staff are spending six weeks at APS level 1 before being advanced to APS 3. In some cases they can be receiving Higher Duties Allowance (HDA) to APS level 5 or 6 within six months of commencement. The risk in this approach is that new staff may not have the necessary skills and training to operate effectively and to be advanced rapidly. Also, in the absence of performance information on the amount of training undertaken and the outcomes achieved, (discussed in the Learning and Development section in Chapter 4), the department's success or otherwise in attracting and retaining new staff cannot be assessed.

3.14 The department has acknowledged that it may have set its entry point (APS level 1) too low for the complexity of work being undertaken. This explains the rapid rates of upward movement.

3.15 In 2000, there was also an increase in the number of Executive Level 1 staff recruited from external sources. This was part of a deliberate strategy to increase the size of the pool of eligible staff for future overseas postings and management positions. This issue is examined in more detail in Chapter 4.

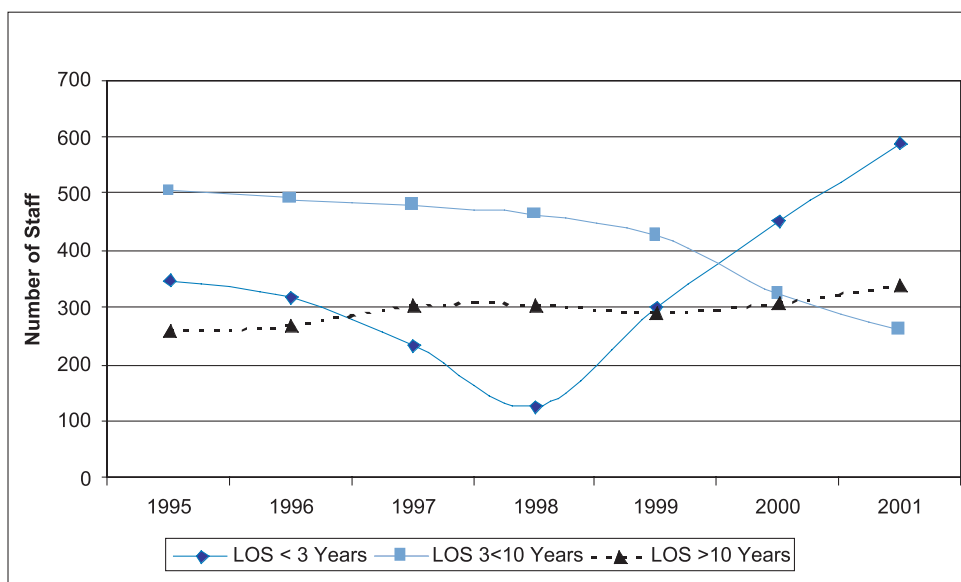
Experience Levels

3.16 Rapid expansion of the workforce carries risks to the quality of service and decision-making due to the potential for dilution of experience levels.

3.17 Figure 3.2 shows the trends in length of service for DIMIA staff at APS levels 1–4.

Figure 3.2

Length of Service (LOS) in DIMIA APS Levels 1–4



Source: DIMIA

3.18 Figure 3.2 shows that the number of staff with more than three years of service is now almost balanced with those of less than three years of service, and the trend suggests a reduction in the number of staff with more than three years of service in the coming years. DIMIA's staff are, in overall terms also less experienced than otherwise found in the public service with some 41 per cent of staff having fewer than five years service, compared with 33 per cent in the APS.²⁴

3.19 A recruitment plan would assist the department to project and monitor internal and external recruitment activity and expenditure so that recruitment processes can be measured and improved. The audit found that no reliable measure of recruitment costs could be calculated from departmental systems. However the implications of the volume of activity in DIMIA over the last three years is that these costs are likely to have been substantial. The activities involved in all recruitment programs carry a multitude of often hidden costs such as:

- job definition and the preparation of job descriptions;
- advertising;
- administrative activities (preparation of forms, processing applicant responses);

²⁴ Public Service and Merit Protection Commission, *Australian Public Service Statistical Bulletin 2000–01*, PSMPC, Canberra, November 2001, p. 31.

- short listing, interviews, selection and notifications of successful and unsuccessful applicants;
- testing, both skills, aptitude and in some cases, medical; and
- pay and salary arrangements and if necessary, relocation costs.

3.20 As well, for external recruiting there are indirect costs associated with the cost of workstations, office space and human resource overheads such as workers' compensation and superannuation premiums and processing. Studies show²⁵ that the cost of recruitment processes in the public sector typically range from a low of \$983 to a high of \$2766 for each staff member recruited.

3.21 Awareness of such costs and indicators described above would assist the department in developing more innovative and potentially less expensive recruiting and selection procedures. As a result, recruitment would be an efficient and effective human resource management process.

Conclusion—The Acquisition of Human Resources

3.22 The department manages its requirement to respond to peaks and troughs in workload through deliberate workforce strategies such as the formation of task forces, and the engagement of contractors and temporary staff where required. However, the ANAO found these strategies are not coordinated in a systematic way which would facilitate the identification, attraction and selection of people who are best able to contribute to organisational capability and performance. The ANAO also found inconsistency in recruiting practices in the regions and high levels of internal transfers, as managers seek to recruit experienced personnel from internal sources. External recruiting tends to occur at the lower levels. In a period of growth, this dilutes experience levels and increases the cost of training.

3.23 In response to rising workloads, the department has increased the size of the workforce by about 10 per cent in each of the past two years, through external recruitment. The rate of external recruiting, internal promotion and transfer activity in DIMIA has also increased over the last two years to the point where some 40 per cent of the workforce have been either recruited from outside the department, or promoted or transferred in or out of a position within the department in the last 12 months. This rate of activity has significant implications for the cost and effectiveness of training and for the quality of work outputs of significant numbers of people who are moving between, or are new to their roles. In addition, staff recruited at the lowest levels have in many cases been promoted rapidly. This indicates that the work level standards are in need of review and recruitment has not taken place at an appropriate level.

²⁵ Source: *HRM consulting Benchmarking Report—March 2001*.

3.24 Existing departmental performance measures do not provide the information needed to assess the impact of high levels of mobility or the dilution of experience on the timeliness and quality of decision-making, nor on the ability of the organisation to attract and retain high performing people. This represents significant challenges for the department in managing the progress of staff through more complex decision-making positions without detriment to the quality of decisions made. A coordinated approach to recruiting, as part of a wider workforce planning process, would consider: appropriate entry points to the organization; the impact of high rates of internal and external recruiting activity on the timeliness and quality of decision making; and the costs of recruitment and staff turnover. It would also establish links to a dedicated training program.

Recommendation No.3

3.25 The ANAO recommends that DIMIA promulgate a recruiting and selection strategy to assist the department in the identification, attraction and selection of people who are best able to contribute to organisational capability and performance.

DIMIA Response

3.26 Agreed. DIMIA recognises the need to evaluate our recruitment practices to assess their costs and the impact on the department's capacity to deliver its business effectively. DIMIA would want to keep an element of flexibility for state offices and Divisions to develop their own recruitment strategies reflecting the nature of their business and their local or specialist labour markets.

3.27 DIMIA is currently developing a set of organisational core capabilities which will provide the framework for our recruitment and learning and development strategies and our performance management arrangements. These will be reflected in the work level standards when these are revised.

4. The Utilisation of Human Resources

This chapter reviews processes for the utilisation of human resources within DIMIA and the framework in place to ensure the workforce is engaged, sustained and refreshed to respond to day-to-day issues as well as contingencies.

Learning and Development

4.1 Learning and development are important activities in all organisations. New employees need to be trained to perform their jobs and existing employees need to acquire new skills and knowledge.²⁶ Changes in technology, social attitudes, and legal requirements and organisational changes all require responsive learning and development programs for employees.

4.2 Most organisations distinguish between training for new entrants and ongoing training for existing employees to ensure all staff have the requisite skills to contribute to organisational capability and performance. New entrant training typically consists of induction and socialisation programs for the inculcation of organisational culture and also to provide job-ready employees who are able to integrate into the work environment. Ongoing training is typically provided to enhance or update the core skills of staff in technical or managerial fields which are central to departmental outputs and outcomes.

4.3 In DIMIA, both initial and ongoing learning and development are devolved to Divisional and State/Territory levels with Central Office playing only a limited role in setting policy and providing guidelines. Data from departmental systems indicate that \$794 was invested on learning and development per employee in 1999, which placed it above the median level for this measure in the Public Sector in that year.²⁷ However, in the absence of departmental guidelines and performance measures, the ANAO was not able to determine whether this amount met the needs of the department at that time.

4.4 Although some regional offices have been diligent in coordinating learning and development activity for their staff, this has not included tracking costs or measuring returns on investment. Moreover, the resources that individual regional offices can divert to training vary according to the workload and the availability of key personnel to provide expertise.

²⁶ Raymond J. Stone, *Human Resource Management*, Jacaranda Wiley Ltd, Queensland, 1991, p. 180.

²⁷ Source: *HRM Consulting Benchmarking Report—March 2000*.

4.5 The ANAO found that each operational area is expected to, and does, allocate funding for training in its program areas, usually to provide specific skills or to reflect changes in legislation. In some cases, it may include competency certification. However, without policy guidance, resource estimates, or performance measures, the impact or extent of this training are difficult to assess. This carries certain risks, given the rate at which new staff are moved upwards into demanding roles and duties, as discussed earlier.

Performance And Learning Scheme (PALS)

4.6 In 1999, the department introduced its Performance And Learning Scheme (PALS), a heavily devolved and individualised process for managing learning and performance. Whilst this system is IT enabled, it is not supported by, or linked to, departmental financial management systems making it difficult for the department to be informed of the nature and the amount of training activity carried out. This then makes it difficult to measure and ascertain the relevance or effectiveness of its training.

4.7 The PAL system is based on communication and feedback between supervisor and subordinate, and places primary focus for performance management and the identification of learning priorities on the agreement between individuals and their supervisors. The agreements span a twelve-month period and have provision for a midpoint review.

4.8 The ANAO considers that PALS is an innovative way to encourage employees to be self-directed in their learning. However, the ANAO's review of the system found that employees are provided with only a limited range of tools and structures to support them with their learning needs. These tools primarily consist of training calendars, a database of courses published by the Australian Training Register and limited central office assistance. In relation to the implementation of PALS, the roles and responsibilities for employees, supervisors and reviewers are identified in some detail. However, the ANAO considers there would be benefits in the department itself playing a greater role in providing corporate support to enable the implementation of individual agreements. In discussions with staff, the ANAO found, in the absence of specific corporate guidelines, some false expectations as to the amount and type of training which might be made available or supported by the department.

4.9 PALS is seen by the department as an important first step in introducing a performance culture into the department. In that context, PALS agreements should be in place for most employees. However, according to the department's November 2001 compliance figures, there is a 69 per cent take up rate for PALS within the department and about 40 per cent completion rate between July 2000 and October 2001. Whilst compliance rates are monitored, reasons for

non-compliance or non-completion are not clear. In its discussions with management and staff the ANAO found that some reasons for non-completion include:

- low incentive for completion amongst employees who are not eligible for salary increases within their present performance cycle; and/or
- frequent movement of staff causing difficulty for interim review activity and mid term reviews.

4.10 According to an Ernst and Young review conducted by the department in May 2001, only about 63 per cent of respondents had completed mid term reviews and less than 50 per cent of respondents who had changed supervisors received interim reviews even after PALS had been in place for over a year. This does seem to support the idea that in its current configuration, PALS has an uneasy fit with the nature of departmental work and the resultant degree of staff mobility discussed above.

4.11 Evidence shows that although PALS is a useful way to achieve regular performance related dialog between a majority of individuals and their supervisors, the relationship between the agreements and subsequent learning and development activity is unknown. This lack of structure around learning and development is clearly evident in the pro-forma of the agreement, where there is an absence of any reference as to how identifiedn'learning priorities' might be accomplished by the individual. There is no translation from these identified learning priorities to individual learning needs which then become learning plans, which could detail learning objectives, methods of skill acquisition, time frames and quality measures.

4.12 Because of the lack of performance information in learning and development activity generally, it is difficult to assess whether PALS has been an effective platform for self-directed learning and development in support of the department's ability to achieve its outputs and outcomes. As well, responses from management and staff representatives strongly suggest that both groups are unconvinced of the value of PALS as an effective system for managing relevant learning and development activities and performance.

4.13 The department has indicated that as part of its IIP strategy, a review of PALS will be undertaken and this review will be informed by some of the ANAO's findings.

Knowledge Capture and Transfer

4.14 The department's workforce has had many valuable individual and collective corporate experiences, knowledge and skills. An effective knowledge or 'lessons learned' transfer strategy would ensure that such knowledge is not

lost through staff movement and attrition and will provide the department with usable capital for dealing with complex situations in the future.

4.15 Almost universally present throughout the department is a strong sense of pride in how well unforeseen crises such as the Kosovo refugee situation and East Timor were handled, and the importance of these responses for the achievement of the department's mission and outcomes. However, there is no evidence to suggest that systematic action has been taken to capture and transfer learning from key players in these events for the benefit of the wider department.

4.16 A more systematic and structured approach would take into account the relevant workforce planning and human resource experiences acquired by other parts of the department during events such as the Sydney Olympic Games. Although the department established an International Event Coordination Network to ensure the lessons learned from the Olympics were applied to subsequent major events such as the Goodwill Games and CHOGM, the audit found that the activities of this network were relatively informal. Better practice would have had the comprehensive planning documents prepared in the lead up to the Sydney Olympic Games summarised and translated into a 'lessons learned' paper for future events such as the Commonwealth Games scheduled for Melbourne in 2006.

4.17 As its key officers leave or retire from service, the lack of systematic corporate learning from its past successes and mistakes can result in a loss of corporate knowledge and blunt the department's ability to respond effectively to similar situations in the medium term.

Conclusion—Learning and Development

4.18 The department currently provides program specific training to equip staff with the knowledge and skills needed to achieve business outcomes. However, relevant performance and costing data is not available. Consequently, DIMIA is not able to monitor its learning and development programs to determine if they are working in practice, as well as contributing cost-effectively to desired outputs and outcomes.

4.19 The audit found that systematic learning is not widely promoted within the department despite the need for it, given the diversity of its portfolio interests, complex governing legislation, and the rate at which new and inexperienced staff are promoted into demanding roles and duties. The links between existing learning and development arrangements and the department's goals are not articulated. There are few reports generated to inform management of the success of training activities and initiatives. There is potential in the longer term, for the lack of attention in the area of learning and development to diminish the workforce's ability to perform effectively.

4.20 Learning and development arrangements require strengthening and sponsorship within the department to support the sustained delivery of its business outcomes, as well as to articulate and guide specific learning and development solutions. The department has advised that it will develop a systematic learning and development strategy as part of its IIP strategy which will be informed by the ANAO's findings.

Career Development and Succession Planning

4.21 Career development is important in satisfying individual and organisational needs. Ongoing expansion of skills and knowledge makes an employee more valuable, and therefore more attractive to an organisation.²⁸ If the department is aware of its future human resource needs, it is well placed to promote career development opportunities among employees. This yields certain benefits to an organisation, such as the development of a pool of internal candidates for future leadership positions, as well as satisfying employee needs for growth, recognition and accomplishment.

4.22 DIMIA has a placements committee²⁹ which works towards the strategic placement of key middle management staff in the positions that both assist the department to meet organisational objectives and for the employee to gain valuable career development. However, there is no career development framework to assist employees in seeing how they might move and progress their careers within or across functional or program areas. A career development framework provides a road map to guide employees' selection of work experiences and the acquisition of skills and helps them set realistic career goals to manage their careers in a pro-active and self-directed manner.

4.23 Although there is no systematic career development framework in DIMIA, informal notions of what are desirable work experiences for progression are common. These include the importance of learning decision-making skills on the front counter in the regions and the belief that good performance in an overseas posting opens doors to other prestigious opportunities within the department.

4.24 The department has implemented several succession practices such as term transfers, overseas postings, graduate programs, task forces, Airport Liaison Officers (ALOs), and many opportunities for performance at the higher level through payment of Higher Duties Allowance (HDA) as part of a range of career development activities. However, their utility would be enhanced if these

²⁸ Raymond J. Stone, *Human Resource Management*, Jacaranda Wiley Ltd, Queensland, 1991, p. 207.

²⁹ Under the draft Investing in People strategy, responsibilities of this committee have recently been broadened to encompass responsibility for HR policy direction setting and it has been retitled the 'People Management Committee'.

career events and associated skills were clearly and systematically identified as key work experiences desired by the department of its staff, so that employees can be helped to define, set and reach realistic career expectations.

Internal Recruiting v Rotation

4.25 As discussed above, the department has an unusually high rate of internal recruiting, which is the practice of filling internal vacancies by promotion or lateral transfer. Job rotation on the other hand, is a technique designed to provide an employee with knowledge and work experiences in various parts of the organisation, and usually forms part of a career development and succession-planning framework.

4.26 At around 30 per cent, DIMIA's rate of internal recruiting (or mobility) compares with a median rate of about eight per cent for the public sector overall. On the face of it, this can be construed as a high rotation level resulting from the department's responsibilities in program areas such as forming task forces and providing staff for ALO programs. However, there is a significant difference between internal recruiting and job rotations, which have been planned at the corporate level. High mobility rates simply show that there is a high degree of movement between positions. It does not suggest that such mobility actually results in a variety of work experiences for the benefit of staff and for the organisation, which is the main aim for any rotation policy.

4.27 Although there is no structured career development or succession planning frameworks within the department, there are several practices which the ANAO has found to be useful in supporting the department in achieving its outcomes. The degree of mobility for example, is a useful basis to introduce a structured rotation policy as the movement provides the impetus necessary to facilitate rotation opportunities. These practices are examined in more detail below.

Term transfers

4.28 One of the career development opportunities available to DIMIA senior staff, is that of 'term transfers' which is the opportunity for senior staff with proven capabilities to move into positions of significant authority and responsibility for a fixed term of two to three years. Term transfers involve the movement of senior staff into key positions, which exposes them to a range of corporate and program responsibilities.

4.29 Such an arrangement not only provides a career development opportunity, it also provides the department with a strong cadre of experienced staff, which could form the nucleus of the department's future leadership. In essence, the practice of term transfer is a key element of the department's succession plans for its future leaders.

4.30 The value of such a positive practice means that term transfers need to be managed carefully. In particular, the decision to extend the term of the transfer delays the deployability of these staff to other departmental areas and may also limit the future career development opportunity of the other party due to be rotated.

4.31 More importantly perhaps, the possibility that a term transfer might be extended could be a discouraging factor for senior staff considering a term transfer, as this reduces certainty and predictability for individuals and their families. In addition staff indicated that officers at the Executive Level, which form the pool from which term transfers are selected, have family responsibilities and are reluctant to relocate. This has resulted in the extension of term for the incumbent in one region, which impacts on the term transfer practices across the department.

Overseas postings

4.32 The ANAO found that whilst the department views the practice of overseas postings as an important career development opportunity for employees and a marker of desirable work experience, and it has recently communicated this formally to employees, it would benefit from capturing its value and importance in a career development framework.

4.33 Overseas postings are generally perceived to be prestigious and challenging opportunities as officers are required to perform across a variety of corporate and program areas in a foreign environment in a relatively independent and self-sufficient manner. Such a comprehensive experience is seen by the department to be valuable and usable in a variety of areas. There is a strong perception within the workforce that good performance overseas opens desirable career and job opportunities upon return.

4.34 In the year 2000 round for overseas postings, there were 24 applications for 20 positions at the Executive Level. This 1.2 applicants per position is low and does not sit well with the prestigious nature of such postings. DIMIA staff advised the ANAO that they valued overseas postings, but there were a variety of reasons for their reluctance in submitting their applications. The ANAO considers that reasons for low internal applications should be investigated to inform any strategy development.

4.35 The low number of applications caused the department to recruit 20 staff from external sources, specifically for overseas posts in 2001. This practice has raised some concerns amongst staff because the underlying reasons for low applications had not been investigated. In addition, staff were also concerned that the departmental rule specifying a two year minimum service period before internal staff can apply for an overseas posting may be reduced to 12 months

for the new recruits. As well, the new staff have been provided with a range of preparatory and development activities not available to internal staff.

4.36 An incomplete understanding of why internal application rates are low may also result in the department overlooking real barriers which staff face with overseas postings and reduce its value as a powerful career development practice whilst at the same time fuelling employee dissatisfaction. The department is satisfied that the new staff have been recruited with appropriate skills for overseas service and that an intensive 12 month program to develop an understanding of DIMIA's business is sufficient. They have further indicated that a number of the external candidates will have a longer program. However, there are no guidelines describing how this intensive program is being facilitated.

4.37 As with term transfers, overseas postings are an important and effective practice in achieving departmental, operational and career development objectives, and the process should be refined to improve its effectiveness. As with term transfers, the ANAO found a perception in the regional offices that the department's policy of not guaranteeing a position to returning employees in their home state is indicative of the department's desire to utilise this valuable experience in central office. It nevertheless was seen as a discouraging factor for some applicants from regional offices.

4.38 The department has indicated however, that the reason it cannot guarantee that staff will return to their home state after an overseas posting is that it is difficult to find positions for returning staff, especially in the smaller States and regions at the APS 6 and EL 1 levels. The department also indicated that these positions are quite senior in smaller offices and it would be difficult to provide detailed forecasts of expected vacancies in the regions up to three years in advance.

Graduates

4.39 A third significant activity, which the department has used as a longer-term succession strategy, is the graduate program. According to the department's workforce report April 2001, 73 graduates were recruited in 2001 and 93 were recruited in 2002. This compares to 23 graduates recruited in 1998.

4.40 Planned exposure to, and rotation in, a variety of work contexts, programs and corporate areas occur in the first year of the graduate program, although there does not appear to be a systematic set of guidelines describing how this is facilitated. However, there is no further development policy for Graduates after the first year. Graduate program candidates would play a more predictable part in the department's leadership succession or renewal if there was an on-going maintenance program (apart from PALS), which would support and track their performance as future leaders.

Conclusion—Career Development and Succession Planning

4.41 The ANAO found that career development and succession planning is managed without a career development framework that articulates the department's desired outcomes. The framework also identifies growth opportunities, career paths, required skills and experiences supporting proactive career management. The audit found that informal ideas amongst staff of what are desirable work experiences for progression are common. These include the importance of learning decision-making skills on the front counter in the regions. As well, they believe that good performance in an overseas posting opens doors to other prestigious opportunities within the department. The audit found several significant practices have also been introduced as part of a range of career development activities. However, the former's utility would be enhanced if relevant career events and associated skills were clearly and systematically identified as key work experiences desired by the department of its staff. In this way, employees can be helped to define, set and obtain realistic career expectations.

Recommendation No. 4

4.42 The ANAO recommends that DIMIA develop a learning and development framework incorporating career development and succession planning to support the sustained delivery of its outputs and outcomes and to provide a clear understanding of career paths and growth opportunities for employees.

DIMIA Response

4.43 Agreed. The establishment of a learning and development strategy is one of the priorities in the IIP strategy and is an area the department has recognised needs investment. That strategy will be informed by workforce analysis to identify DIMIA's succession planning needs and related career development focuses. It will take into account the considerable efforts the department has taken to date to provide improved corporate and business training. The strategy will include a focus on the department's capacity to aggregate the individual learning needs identified through the Performance and Learning Scheme.

5. Workforce Performance Information

This Chapter reviews the systems DIMIA have in place to provide workforce performance information and its use. Regular monitoring and reporting on the implementation of human resource policies and strategies are important to track the progress being made.

The Integration of Human Resource Data

5.1 Access to relevant data on workforce demographics and capabilities is important for effective workforce planning. A range of key quantitative and qualitative indicators should provide meaningful and useful information for management. Collecting this data on an on-going basis is also more useful for workforce planning than relying on an isolated 'snapshot' of the data.

5.2 Effective management of the information through appropriate systems, as well as regular monitoring and reporting mechanisms, provides a sound basis for decision-making. Increasingly, agencies are seeing value in integrating data from a range of sources to assist managers with day-to-day issues and business planning. It is the integration of data and information from a range of sources, such as financial performance, client/key stakeholder feedback, and the broader external operating environment, as well as workforce data, that provides the most powerful tool for decision makers.

Workforce Metrics

Workforce performance information and reporting in DIMIA

5.3 Workforce performance reports in DIMIA have not generally been available to line or senior management, and the audit found it is not always easy to gather base data. In part, this is due to the limited functionality of the human resource management information system³⁰ (NOMAD). As well, there is a lack of incentive for line managers to enter workforce related data into NOMAD, resulting in incomplete information even for important areas such as training investments, use of sick leave entitlements and recruitment costs.

5.4 Data reliability problems contribute to a general level of scepticism and mistrust of the data, and reinforce the lack of integration of performance information into general workforce and business processes. Despite the limitations of NOMAD however, staff have compiled or commissioned some

³⁰ Currently a system known as NOMAD. This is being upgraded to SAP-HR in Financial Year 2002–03.

internal and external reports and studies on its workforce. However, there is little evidence to suggest that this data has been used in the development of workforce strategies.

5.5 The findings and implications from these reports have not been clearly communicated to senior and line management in a way that would compel preventative or remedial action. That this has not occurred, despite the range of reports which have been published, indicates that the parameters and purposes of the reports were not well defined nor articulated at the point of commission, resulting generally in reports which were not used by management in a tangible manner. For example, a study commissioned by the department provides data on over 170 metrics. However, which metrics are most important to DIMIA's operations have not been determined. Reports which focus on the impact on business would be a more effective way of communicating with management.

5.6 The value of performance measurement is not solely derived from comparisons or benchmarking with other organisations. It should first and foremost be derived from comparing results against internal targets that support organisational outputs and outcomes. The ANAO considers those metrics which have little or no relationship to the latter, and were only included for the purposes of providing benchmarking data, should be omitted from measurement and reporting. Conversely, where performance metrics do demonstrate a relationship with the department's ability to achieve its outputs and outcomes, performance should be recognised and tracked.

5.7 The department has acknowledged the need to improve its human resource measurement methods. It is committed to achieving this as part of the implementation of the IIP strategy. The process will be assisted by the upgrade of the Human Resource Information System in financial year 2002–03. The ANAO has provided some suggestions to the department in the example of a performance matrix which helps to identify the performance indicators of cost, time, quantity, and quality along the workforce performance continuum of acquiring, maintaining, developing and retaining staff as key categories of performance activity. [See Appendix 4 for details].

Specific workforce performance issues

5.8 Comprehensive and integrated performance information can be used widely in administrative, operational and strategic fields by regional and line managers. The ANAO reviewed the available performance information and identified some issues beyond those that would normally be captured in a performance matrix of the type suggested at Appendix 4 and would be useful for managers at all levels and locations.

Human capital competence level

5.9 Human capital competence level refers to the percentage of key employees who have met, or have been trained to a standard of competency. It is a basic skills measure and helps identify whether the department's workforce is skilled with the required capabilities, especially for key program areas.

5.10 As discussed earlier, the ANAO identified a number of issues surrounding the Performance and Learning Scheme (PALS). One issue is that it is not possible to ascertain exactly how many staff are actually trained to an acceptable standard in the positions they currently hold.

5.11 This carries particular risks for the department in view of the high rates of mobility and the rapid rates of advancement discussed in earlier sections. The competencies necessary for the effective performance of supervisory and management roles are not automatically found in lower level staff. As well, the competencies that led to success in an operational role may have little relevance when an employee is promoted or rotated into a policy advisory role.

5.12 Notwithstanding, the audit found that departmental executives are able to identify capable individuals throughout the organisation. They have informal networks in place to source and acquire high performing and reliable individuals when contingencies arise. This corporate knowledge and cooperative networks are strengths of the department and can be utilised to monitor its competency on a more systematic basis.

Human capital commitment level

5.13 Human capital commitment level refers to the percentage of employees scoring the department in the top range, or quartile, of job satisfaction surveys. The human capital commitment level is a leading, or predictive, rather than a lagging, indicator. It indicates workforce availability. When used together with retrospective indicators, such as separation rates for example, it can provide workforce planners with a more accurate picture of the likely shape of the workforce in the short to medium term.

5.14 The human capital commitment level also helps to predict turnover, as employee commitment or satisfaction has a strong relationship with retention. Well-designed commitment surveys will help the department implement appropriate retention strategies as well as anticipate recruitment and skill needs should retention efforts fail.

5.15 The department has not conducted a staff commitment or satisfaction survey for some time. The last 'staff snapshot' was conducted in 1998, however this was focused primarily on diversity issues. There is no departmental plan which calls for regular staff surveys.

5.16 In discussions with management and staff, the ANAO found a high degree of commitment to the mission of the department and its programs evident throughout the organisation. Indicators such as staff initiated separation rates, which are one of the lowest in the APS at a little over six per cent per year, support this observation. However, assessing employee commitment through regular use of well-designed staff commitment surveys would provide the department with quantifiable evidence, which would be useful in workforce planning for the future.

5.17 Surveys would also provide information about employees' views on the corporate culture and climate. Together with the separation rate indicator, this information helps to gauge corporate morale, which usually has some impact on work performance and the capacity of the workforce to respond to unpredicted situations effectively and efficiently.

Human capital separation rate and cost

5.18 Separation rates refer to the process of employees leaving an organisation and having to be replaced. Unavoidable separations include terminations of temporary employment and separations due to illness, death or age retirement. Staff initiated separation is a subset of the overall separation rate and a worthwhile measure, as it directs attention to that portion of employee turnover that can be reduced. Staff initiated separations are typically measured as a percentage of head count and can include the cost of separation. High rates of separation can also mean that corporate knowledge and expertise are being lost.

5.19 The department's separation rates have remained relatively constant from 1998 where it stood at 6.12 to 6.6 per cent in 2001. There was significant growth in the number of employees in the department over the same period. Although, the low overall separation rate could mean that the department is not losing its corporate knowledge and expertise, further analysis of the figures showed a high rate of separation amongst staff who have been with the department for one year or less. In 2000–01, the staff initiated separation rate for permanent staff in their first year of service stood at 32 per cent. This figure was influenced by some local employment factors in the New South Wales office. The department advises that the separation rate has recently fallen to about 19 per cent.

5.20 The department recognises that it has a relatively high rate of separation among staff with less than one year of service and as suggested in Chapter 3, the volume of recruitment activity indicates that the cost of this turnover is likely to be substantial. The ANAO notes that valuable performance information concerning recruitment (and therefore turnover) rates and costs will become available as part of the development of the department's recruiting strategy (See Recommendation 3).

Exit surveys

5.21 Some organisations routinely conduct exit surveys with staff who have chosen to resign, both at the time of leaving and some months subsequently. These surveys may include all such employees or only those considered to be the most important. Exit surveys can provide valuable feedback on an organisation's overall functioning and can help provide information on problem areas. Exit surveys usually cover such areas as:

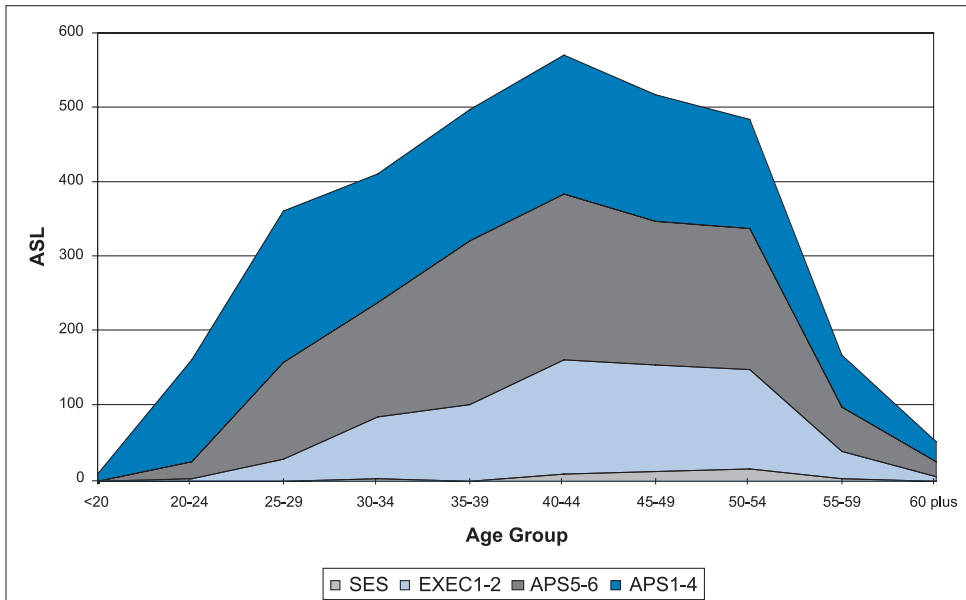
- reasons for joining the organisation and reasons for departure;
- relationship with supervisors;
- fairness of pay, training, career development and performance appraisal programs;
- working conditions;
- things liked best and least about the job and organisation;
- communication issues; and
- suggestions for improvement.

5.22 Exit surveys are not routinely conducted in DIMIA. Information from such surveys would assist the department link its human resource strategies with its employer of choice initiative.

Ageing workforce

5.23 Some 21 per cent of DIMIA's workforce are 50 years or older and, of these, 65 per cent are at the APS 5 to SES levels. (Figure 5.2)

Figure 5.2
DIMIA Age Profile



Source: DIMIA

5.24 Although the department has been tracking and reporting these and some other workforce statistics, information from them has not been translated into workforce planning inputs in any systematic manner. For example, an ageing workforce carries implications for succession planning, as the traditional feeder groups for the APS 5–6 and Executive level positions have very similar age profiles. This means the department risks losing a considerable portion of intellectual capital and corporate knowledge through a number of interrelated demographic and employment factors. Chief among these are the superannuation provisions of the Commonwealth Superannuation Scheme (CSS) which, until 1992, covered almost all ongoing employees. In particular, this served to encourage employees approaching 55 to resign, if they preserved their benefits until after they turn 55 years of age.

5.25 ComSuper figures show³¹ that 45 per cent of all resignations from the CSS scheme occur at age 54 years. This means that, in the next four years there is potential for a significant number of resignations of employees aged over 50 in DIMIA. This reinforces the need for the department to introduce a system of staff surveys (discussed earlier), as these can provide accurate and timely information concerning employee intentions and assist in workforce planning in the short to medium term.

³¹ Public Service and Merit Protection Commission, *State of the Service 2000–2001*, PSMPC, Canberra, 2001, p. 36.

Conclusion

5.26 The ANAO found that performance information for workforce data is not integrated with reporting mechanisms in a way that assists senior management with business planning and routine decision-making. There is also some ambivalence within the department about the accuracy and usefulness of workforce data reported. In part, this is due to the lack of incentive for line managers to enter workforce related data in the existing human resource information system, resulting in incomplete information, even for fundamentally important areas such as training investment, sick leave entitlements and recruitment costs.

5.27 The department has not conducted a staff commitment or satisfaction survey for some time. It also does not routinely conduct exit surveys. The introduction of well-designed staff satisfaction and exit surveys will help the department implement retention strategies as well as anticipate recruitment and skill needs, should retention efforts fail.

Recommendation No. 5

5.28 The ANAO recommends that DIMIA identifies and sets strategic performance targets, which would allow senior management to measure and track its workforce performance regularly.

DIMIA Response

5.29 Agreed. DIMIA is committed to the strategic and cost effective use of performance measures as part of its workforce planning and includes a number of these in its workforce reporting including recruitment rates, retention and separation rates.

Recommendation No. 6

5.30 The ANAO recommends that DIMIA introduce a regular program of staff satisfaction and exit surveys to be a leading indicator of staff commitment and to assist with workforce forecasting as well as retention and recruiting strategies.

DIMIA Response

5.31 Agreed. The department agrees that targeted staff and exit surveys are a useful tool in workforce planning and is working to extend them, leveraging off existing surveys such as the Values survey commissioned as part of the State of the Service report and the Performance and Learning Scheme survey.

Canberra ACT
13 June 2002



P. J. Barrett
Auditor-General

Appendices

Appendix 1

The Department of Immigration and Multicultural and Indigenous Affairs Investing in People Strategy

HR priorities

The *Investing in People* strategy is aligned with the achievement of the two Departmental outcomes, the *Business Directions 2001–2003* and *Investing for 2005 and Beyond* and the corporate objectives and plans those documents encompass. In particular, it supports the Department's efforts to be a highly performing organisation which is seen as a challenging and rewarding place to work: an employer of choice.

As an employer of choice the Department will create a motivating and rewarding working environment in which:

- we promote the nationally important work and the rewarding careers which flow from the Department's important mission
Australia, enriched through the entry and settlement of people, valuing its citizenship and appreciating its cultural diversity;
- we understand and accept the responsibilities which the partnership between the Department and our people places on everyone in the DIMA community;
- the Department seeks to ensure our people understand the Department's purpose and objectives and how they and their work unit contribute;
- the Department values individuals and their contribution to their roles;
- the behaviour of our leaders and our people promotes our values;
- jobs are well designed and feedback on performance is fair and timely;
- achievement and innovation are recognised and rewarded;
- our people have input into issues which impact on their working lives;
- creative capacity is harnessed, relevant information openly shared and decision-making devolved to the appropriate level;
- our employment conditions are fair, competitive and allow people to balance professional and personal commitments;
- diversity is valued as an important contributor to productivity and performance; and
- career development is provided through training, development and interesting work.

Particular key initiatives which the Department will pursue to be an employer of choice include:

- making the Performance and Learning Scheme work for the development of staff, their careers and for better business outcomes;
- a deliberate, scheduled and planned program of skills development in the key skills needed for the future of the department;
- communicating better on business issues; and
- ensuring that the flexible work conditions and rewards and recognition practices contained within the CA are implemented along with the competitive remuneration provisions.

The partnership between the Department and our people is an important element in being an employer of choice. Our Certified Agreement recognises this and describes the partnership in the table included separately in this strategy.

In striving to be seen as a desirable, first choice place to work by current and potential employees, our people management will enable our people to:

- Know Our Corporate Business and Directions
- Model Our Corporate Values and Behaviours
- Be Skilled and Knowledgeable

and the Department to:

- Highlight Our People in Our Planning Processes
- Develop Strong Leadership
- Maximise the Opportunities in Our Employment Conditions Framework

OUR PEOPLE MANAGEMENT WILL ENABLE OUR PEOPLE TO:

KNOW OUR CORPORATE BUSINESS AND DIRECTIONS

All our employees will understand the two outcomes which are the core of the Department's mission, our strategic directions and performance objectives, and how they and their unit contribute to organisational performance, and have the opportunity to discuss strategic and organisational performance issues on a regular basis.

Key Strategies

- Continue to improve the Department's business planning processes to ensure that all areas of the Department are fully aligned with the mission and business directions.
- Develop business planning processes in the workplace that incorporate employee input into direction setting and planning.
- Improve the Department's communication channels and ensure that there are processes in place for employees to receive and discuss strategic and corporate information on a regular basis.
- Align individual Performance and Learning (PALS) Agreements with organisational/work unit performance objectives to ensure that people fully understand how their individual and work unit efforts contribute to achieving corporate objectives.
- Develop initiatives to inform people about the Department's business and operating context.

Measuring Success

- Business plans for 2002/03 in place in all Divisions and State, Territory and Overseas Regions and published on intranet by the end of June 2002.
- PALS agreements in place throughout the Department which are consistent with Divisional/State/Territory/Overseas Region business planning documentation by the end of March 2002.
- Recognition and reward arrangements aimed at rewarding valued performance, developed and implemented within all Divisions/States/Territories/Overseas Regions by the end of March 2002 and continuing thereafter.
- Formal, consistent communication channels in place in the Department by the end of June 2002 which include audit/survey mechanisms, and regular dissemination through media such as the intranet and *Staff News* of material from Management Board, National Staff Consultative Forum and other significant events.

Projects

- Ensure that Divisional, State, Territory and Overseas Region business planning documents are available and individual PALS agreements are in place in all areas of the Department which are:
 - aligned with the Business Directions;
 - developed in consultation with employees;
 - formally linked to each other; and
 - with business plans for 2002/03 published on the intranet by the end of June 2002.
- Conduct bi-annual review of PALS agreements in local work units to ensure they are in place and connected to the Divisional/State/Territory/Overseas Regional business plans.
- Review /implement recognition and reward arrangements in all Divisions and State, Territory and Overseas Regions bi-annually to reward and encourage valued performance.
- Implement formal/consistent communication across all areas and levels of the Department that include:
 - face-to-face communication and discussion of corporate and strategic developments, including regular (at least monthly) work unit meetings;
 - encouragement of employee input at those meetings; and
 - effective consultative fora operating at national and regional levels.

MODEL OUR CORPORATE VALUES AND BEHAVIOURS

All our leaders and employees will understand the Department's values and engage in behaviour that is consistent with these values.

Key Strategies

- Articulate corporate values and develop behaviours that are aligned with the Department's business directions. The articulation of these values is essential to clarifying the behaviours that are expected of staff at all levels of the organisation.
- Establish a process for promoting the Department's corporate values and the associated behaviours that support these values with all employees. The communication and discussion of these values are essential to ensuring that behaviour at all levels of the organisations is consistent with the stated values.

- Ensure leaders at all levels understand the values, and hold them accountable for behaving consistently with these values and actively promoting these values with their peers and employees.
- Integration of diversity management into planning and management activities.

Measuring Success

- Behaviours associated with the corporate values endorsed by the Board of Management by the end of March 2002.
- Establish an ongoing program of agency-wide corporate values training and awareness measurement by the end of September 2002.
- Value statements incorporated into PALS agreements by the end of 2002.
- Appropriate diversity measures/benchmarks which meet APS guidelines or requirements developed by March 2002.
- Appropriate OH&S measures/benchmarks developed by March 2002.

Projects

- Bring together uniform documentation of corporate values and develop associated behaviours.
- Develop and deliver a strategy for promoting corporate values, including national training programs on the Code of Conduct and workplace diversity.
- Develop/review and implement new Access and Equity, Workplace Diversity and Disability Action Plans which are consistent and aligned to DIMA values and business objectives.
- Develop/review and implement the OH&S Plan and Agreement.

BE SKILLED AND KNOWLEDGEABLE

All our employees will have the breadth and depth of knowledge and skills to achieve the business directions and operate effectively in an increasingly global, mobile and e-business oriented environment.

Key Strategies

- Identify the knowledge and skills that people need in a highly performing Department: both core Department-wide knowledge and skills and those that are specific to a particular unit(s). Identify through individual PALS discussions the current skills and knowledge our people possess in relation

to those required, identify for individuals the skill/knowledge gap and develop training and development strategies that are targeted at closing the gaps.

- Develop structured processes to develop key organisation-wide knowledge and skills required for staff to operate effectively in a future highly performing Department.

Measuring Success

- Department-wide capabilities identified and signed off by the Board of Management by the end of March 2002.
- Work Level Standards revised by the end of June 2002.
- Divisional / State / Territory / Overseas Regional core capabilities identified / updated by the end of June 2002.
- An improved induction program implemented for all new starters by the end of June 2002, with consideration of offshore implications completed by the end of September 2002.
- The learning component of all PALS agreements clearly linked to identified organisation-wide and unit-specific knowledge and skill requirements by the end of March 2003.

Projects

- Identify Departmental core capabilities (such as IT skills, lawful decision making, contract development and management, and people and financial management) and have endorsed by Board of Management.
- Revise Work Level Standards.
- Identify specific core capabilities required in Divisions and State, Territory and Overseas Regions.
- Revise agency-wide formal and on-the-job induction arrangements.
- Establish a learning and development strategy to develop core Departmental, Divisional and State / Territory / Overseas Regional capabilities.

AND THE DEPARTMENT TO:

HIGHLIGHT OUR PEOPLE IN OUR PLANNING PROCESSES

Our organisation will recognise that the *Investing in People* strategy is central to the achievement of the business directions and becoming an employer of choice and this will be reflected in the Department's direction-setting and planning processes.

Key Strategies

- Strengthen the Department's understanding of the impact of the *Investing in People* strategy on achieving high performance outcomes and on becoming an employer of choice.
- Promote the respective roles and responsibilities of the Board of Management, corporate support areas and line managers and staff in implementing the *Investing in People* Strategy.
- Ensure that all business planning and projects identify and address the people issues.
- Improve the client focus and quality of services provided by the Personnel Branch.

Measuring Success

- People Management Committee established by the end of 2001.
- All Divisional and State, Territory and Overseas Region business plans include people management aspects within two reporting cycles.
- All submissions, business cases and projects include resource implication statements by March 2002.
- HR Improvement Project implemented by the end of September 2002.
- Workforce planning framework, including establishment of performance measures and targets, developed by the end of June 2002.
- Improved quality of organisational health, as measured by an appropriate range of HRM measures/benchmarks determined by the People Management Committee by the end of 2002.

Projects

- Establish a People Management Committee under the Board of Management to provide leadership and guidance on strategic people management issues.

- Develop and implement protocols to ensure that submissions, business cases and project briefs include resource implication statements dealing with finance, people and other relevant resources.
- Establish a workforce planning framework that includes appropriate performance measures and targets.
- Implement the HR Improvement Project to improve client focus/ services:
 - implement new technological systems/ tools in an integrated HRM system (ie SAP 4.6 system and related training, and HR information developed/ accessible on intranet);
 - develop the HR enquiry service for individual enquiries;
 - develop a network of internal HR consultants to support line areas;
 - consolidate national HR policy and reporting; and
 - achieve greater efficiency in HR processing.

DEVELOP STRONG LEADERSHIP

Our organisation will have the high quality leadership and management necessary to achieve the business directions and be an employer of choice.

Key Strategies

- Clarify the Department's expectations of its managers and clearly articulate these expectations through the implementation of a set of leadership core capabilities.
- Ensure there are structured leadership development processes.

Measuring Success

- Strategy to identify and develop leadership core capabilities in all senior and middle managers endorsed by Board of Management/ People Management Committee by the end of March 2002.
- Middle manager core capabilities incorporated into new Work Level Standards and PALS agreements by the end of September 2002.
- Management and Leadership Program developed and trialed by the end of 2002.
- Strategy for assessing and minimising risk through succession planning endorsed by Board of Management/ People Management Committee by the end of June 2002.

Projects

- Implement PSMPC Leadership Capability Framework in performance agreements for all SES and senior managers.
- Develop comparable core capabilities framework for middle managers and leaders at all levels, and incorporate these into Work Level Standards and PALS agreements.
- Develop a Management and Leadership Program building on existing programs and resources and focussing on values and behaviours, continuous learning and empowerment, delegation and coaching skills.
- Develop strategies for assessing and minimising risk of an inadequate pool of skilled employees through appropriate succession planning.

MAXIMISE THE OPPORTUNITIES IN OUR EMPLOYMENT CONDITIONS FRAMEWORK

Our organisation will ensure that the employment framework is aligned with the business directions and facilitates the creation of a highly motivating and rewarding workplace, consistent with our aim of being an employer of choice.

Key Strategies

- Optimise the opportunities and flexibilities provided by the current Certified Agreement in creatively managing our workforce.
- Review the process for developing future Certified Agreements to ensure they are driven by DIMA's business directions and values, remain highly consultative and engage line leadership.

Measuring Success

- Employees and managers educated about employment framework by the end of March 2002, as measured in periodic audits.
- Critical business issues for forthcoming CA determined by the end of March 2003.

Projects

- Ongoing development of supporting policy, procedures and advice material for the current employment framework.
- Educate managers and employees about the current employment framework.
- Prepare for the new CA during 2003 and ensure that focus is aligned with *Business Directions, Investing for 2005 and Beyond*, corporate values and *Investing in People* Strategy.

THE PARTNERSHIP BETWEEN THE DEPARTMENT AND OUR PEOPLE

The partnership between the Department and our people is an important element in being an employer of choice. The Department is committed to building on this partnership and to strengthening its performance based culture by maximising every employee's ability and opportunity to contribute to the effectiveness of the Department.

OUR PARTNERSHIP

Our Certified Agreement sets out our employment partnership as:

What the Department will do for us. .	What we will do for the Department. .
Foster a workplace that meets the needs of people – challenge, feedback, scope for initiative, self esteem and pride.	Work with initiative and pride. Treat colleagues with integrity and respect.
Be innovative in our systems and business processes to enable staff to work efficiently and effectively. Consult with staff and involve them in systems and business process change.	Cooperate and assist change.
Provide a performance management framework that encourages, recognises and rewards people's efforts.	Always act in the interest of the Department and our clients. Conduct ourselves professionally, ethically and in a way that brings credit to us and to the Department. Do a fair day's work.
Train and develop our employees to utilise and continuously improve their skills and knowledge.	Take advantage of development and training opportunities and use the knowledge and skills we gain.
Encourage and recognise the contribution of our employees through effective leadership and support.	Provide the best possible service. Contribute and participate fully in the workplace.
Promote communication and consult with staff and employee representatives across all levels and provide opportunities to participate in the development of goals, policy and program directions.	Communicate effectively with our colleagues. Provide and use information to its best advantage and take personal responsibility for remaining informed. Participate and influence departmental goals, policy direction and operations.
Create an environment in which management and employees work co-operatively to maximise our effectiveness as an organisation.	Work with colleagues to maximise opportunities and overcome problems in meeting the Department's vision and mission.

Appendix 2

The Role, Purpose and Workings of the Purchasing Agreement

1. The purchasing agreement is an agreement between DIMIA and the Department of Finance and Administration, which sets out what DIMIA will produce and what price the Commonwealth will pay for these products. The Purchasing Agreement provides a level of certainty, in terms of providing DIMIA with ongoing additional resourcing when increasing external demands are placed upon the department, and it allows funding that is not required by DIMIA (due to an decrease in external demands) to be utilised elsewhere in the Commonwealth.
2. The prices contained within the purchasing agreement comprise two components; a variable and a fixed component. The variable component recognises that changes in the activity level will result in changes in the resources required to satisfactorily perform that work. The fixed component recognises that DIMIA needs to have a minimum level of resourcing just to be able to provide its services. An output with a variable price does not necessarily mean that it is valued more highly than one with a fixed price, it just means the variable component is more closely linked to the activity being undertaken.
3. The purchasing agreement is based upon the Activity Based Costing (ABC) model results for the 1999–2000 financial year. These results were used to determine both the variable unit price and the fixed resourcing for each driver. Later models will be used to:
 - validate the existing pricing framework in the purchasing agreement;
 - support DIMIA's position should it seek to vary the existing agreement; and
 - provide internal information to support business improvement.
4. The drivers included in the purchasing agreement were chosen as a result of consultation between the Resource Management Branch and the relevant output and State / Territory managers. A number of criteria were satisfied before individual drivers were included in the purchasing agreement, including that they are outcome focussed and can be measured in terms of quality and quantity.

Appendix 3

List of Overseas Locations—The Department of Immigration and Multicultural and Indigenous Affairs

DIMIA has a presence at the following overseas locations:

Amman	Ankara	Apia	Athens	Auckland
Bali	Bandar Seri Begawan (Brunei)	Bangkok	Beijing	Beirut
Berlin	Belgrade	Brasilia	Budapest	Buenos Aires
Cairo	Colombo	Dhaka	Dili	Dubai
Dublin	Geneva	Guangzhou	Hanoi	Harare
Ho Chi Minh City	Honiara	Hong Kong	Islamabad	Istanbul
Jakarta	Kuala Lumpur	Lagos	Lisbon	London
Los Angeles	Madrid	Malta	Manila	Mexico City
Moscow	Mumbai	Nairobi	New Dehli	Nicosia
Noumea	Nuku Alofa	Ottawa	Paris	Phnom Penh
Pohnpei	Port Louis	Port Moresby	Port Vila	Pretoria
Rangoon	Riyadh	Rome	Santiago	Seoul
Shanghai	Singapore	Stockholm	Suva	Taipei
Tarawa	Tehran	Tel Aviv	The Hague	Tokyo
Vienna	Vientiane	Warsaw	Washington	Zagreb

Appendix 4

Example of a Workforce Performance Matrix

Although there are a variety of measurement methodologies, the table below presents one example of a performance matrix which helps to identify the performance indicators of cost, time, quantity, quality and reaction along the workforce performance continuum, which see acquiring, maintaining, developing and retaining staff as key categories of performance activity.

Example of workforce performance matrix.³²

	Acquiring	Maintaining	Developing	Retaining
Cost	Cost per engagement	Cost per day; Cost per Employee	Cost per trainee	Cost of turnover
Time	Time to fill positions	Time to respond; Time to fill request	Cost per trainee hour	Turnover by length of service
Quantity	Number engaged	Number of cases processed	Number trained	Voluntary separation
Quality	New hire assessment	Error rate	Skills attained	Readiness level
Reaction	Manager satisfaction	Employee satisfaction	Trainee responses	Turnover reasons

Source: ANAO

To ensure its usefulness, such 'scorecard' and workforce reporting should also clearly articulate how these measurements impact on outcomes. This would be achieved through an 'Outcome Impact Statement' for each matrix category and would constitute the key portion of any performance report. With such an approach, the department would be well equipped with information which would help it measure, and keep track of, workforce data relevant to its outcomes.

³² Metrics provided are only examples and the department would need to define which metrics would be most appropriate for its purposes.

Index

A

airport liaison officers 12, 29, 57
ANAO Better Practice Guide 14, 28
Audit conclusion 5, 14
 criteria 35
 methodology 5, 14, 35
 objective 5, 13, 27, 35

B

Business Directions 2001-2003 11, 13,
 14, 17, 21, 22, 33, 37, 41, 42, 43,
 44, 73, 75, 76, 77, 79, 80, 81
business requirements 13, 35, 39, 42

C

career development 5, 19, 23, 48, 57,
 58, 59, 60, 61, 66, 73
career management 19, 61,
certified agreement 21, 34, 45, 46, 74,
 81, 82
churn 48

D

Department of Finance and
 Administration 7, 12, 32, 83, 88,
 91

E

employer of choice 13, 14, 15, 17, 33,
 37, 43, 66, 73, 74, 79, 80, 81, 82
exit surveys 20, 24, 66, 68

F

future planning 42, 43

G

graduates 13, 46, 60

H

Higher Duties Allowance 7, 49, 57
human capital 11, 27, 64, 65
human capital commitment level 64,
human resources 5, 7, 11, 15, 17, 37,
 41, 45, 47, 48, 49, 51, 53, 55, 57,
 59, 61

I

Investing for 2005 and Beyond 13, 14,
 17, 21, 22, 33, 37, 41, 42, 43, 44,
 73, 81

L

learning and development 5, 16, 18,
 19, 22, 23, 43, 44, 49, 52, 53, 55,
 56, 57, 61, 78

N

NOMAD 7, 62

O

outputs and outcomes 11, 12, 14, 17,
 18, 23, 27, 28, 33, 37, 38, 39, 40,
 41, 43, 45, 53, 55, 56, 61, 63
overseas postings 49, 57, 59, 60

P

Performance And Learning Scheme
7, 23, 24, 54, 61, 64, 68, 74
performance information 5, 19, 49, 55,
62, 63, 65, 68, 90, 92, 93
promotion 18, 45, 46, 47, 48, 51, 58
Purchasing agreement 6, 8, 12, 17, 32,
38, 43, 83

R

Recruitment 13, 15, 18, 20, 21, 22, 23,
35, 37, 38, 39, 41, 42, 44, 45, 46,
48, 50, 51, 52, 62, 64, 65, 68
Recruiting strategy 15, 65
Retention 11, 14, 20, 23, 24, 37, 38, 42,
64, 68
rotation 12, 58, 60

S

scenario planning 42
separation rates 23, 47, 64, 65, 68
staffing 14, 21, 22, 37, 41, 42, 44, 45
succession planning 5, 16, 19, 23, 42,
57, 58, 61, 67, 80, 81

T

technology 12, 13, 33, 42, 53
term transfers 57, 58, 59, 60
The Workforce Framework 14, 17, 43
training 19, 20, 21, 23, 32, 38, 39, 41,
46, 48, 49, 51, 52, 53, 54, 56, 61,
62, 66, 68

W

workforce metrics 5, 62
workforce planning framework 16,
34, 37, 45, 79, 80
worklevel standards 18, 23, 51, 52, 78,
80, 81

Series Titles

Audit Report No.55 Performance Audit

Administration of Tobacco Excise

Australian Taxation Office

Audit Report No.54 Performance Audit

Drug Detection in Air and Containerised Sea Cargo and Small Craft

Australian Customs Service

Audit Report No.53 Assurance and Control Assessment Audit

Goods and Services Tax Administration by Commonwealth Organisations

Audit Report No.52 Financial Control and Administration Audit

Internal Budgeting

Audit Report No.51 Performance Audit

Research Project Management

Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Audit Report No.50

A Preliminary Examination into the Allocation of Grant Funding for the Co-Location of National General Practice Organisations

Audit Report No.49 Performance Audit

The Management of Commonwealth National Parks and Reserves

'Conserving our Country'

Department of the Environment and Heritage

Audit Report No.48 Performance Audit

Regional Assistance Programme

Department of Transport and Regional Services

Audit Report No.47 Performance Audit

Administration of the 30 Per Cent Private Health Insurance Rebate

Department of Health and Ageing, Health Insurance Commission, Australian Taxation Office, Department of Finance and Administration, Department of the Treasury

Audit Report No.46 Performance Audit

Management of an IT Outsourcing Contract

Department of Veterans' Affairs

Audit Report No.45 Assurance and Control Assessment Audit

Recordkeeping

Audit Report No.44 Performance Audit

Australian Defence Force Fuel Management

Department of Defence

Audit Report No.43 Performance Audit

Indigenous Education Strategies

Department of Education, Science and Training

Audit Report No.42 Performance Audit
Integrity of the Electoral Roll
Australian Electoral Commission

Audit Report No.41 Performance Audit
Transactional Banking Practices in Selected Agencies

Audit Report No.40 Performance Audit
Corporate Governance in the Australian Broadcasting Corporation
Australian Broadcasting Corporation

Audit Report No.39 Performance Audit
Management of the Provision of Information to Job Seekers
Department of Employment and Workplace Relations

Audit Report No.38 Performance Audit
Management of Australian Defence Force Deployments to East Timor
Department of Defence

Audit Report No.37 Performance Audit
Purchase of Hospital Services from State Governments—Follow Up Audit
Department of Veterans' Affairs

Audit Report No.36 Benchmarking Study
Benchmarking Implementation and Production Costs of Financial Management Information Systems

Audit Report No.35 Performance Audit
ATO Progress in Addressing the Cash Economy
Australian Taxation Office

Audit Report No.34 Assurance and Control Assessment Audit
Management of Travel—Use of Taxis

Audit Report No.33 Assurance and Control Assessment Audit
Senate Order of 20 June 2001 (February 2002)

Audit Report No.32 Performance Audit
Home and Community Care Follow-up Audit
Department of Health and Ageing

Audit Report No.31 Performance Audit
Audit Activity Report: July to December 2001
Summary of Outcomes

Audit Report No.30 Performance Audit
Test and Evaluation of Major Defence Equipment Acquisitions
Department of Defence

Audit Report No.29 Financial Statement Audit
Audits of the Financial Statements of Commonwealth Entities for the Period Ended 30 June 2001

Audit Report No.28 Information Support Services
An Analysis of the Chief Financial Officer Function in Commonwealth Organisations
Benchmark Study

Audit Report No.27 Assurance and Control Assessment Audit
Agency Management of Software Licensing

Audit Report No.26 Performance Audit
Management of Fraud and Incorrect Payment in Centrelink

Audit Report No.25 Assurance and Control Assessment Audit
Accounts Receivable

Audit Report No.24 Performance Audit
Status Reporting of Major Defence Acquisition Projects
Department of Defence

Audit Report No.23 Performance Audit
Broadcasting Planning and Licensing
The Australian Broadcasting Authority

Audit Report No.22 Protective Security Audit
Personnel Security—Management of Security Clearances

Audit Report No.21 Performance Audit
Developing Policy Advice
Department of Education, Training and Youth Affairs, Department of Employment,
Workplace Relations and Small Business, Department of Family and Community Services

Audit Report No.20 Performance Audit
Fraud Control Arrangements in the Department of Agriculture, Fisheries and Forestry—
Australia (AFFA)
Department of Agriculture, Fisheries and Forestry—Australia

Audit Report No.19 Assurance and Control Assessment Audit
Payroll Management

Audit Report No.18 Performance Audit
Performance Information in Portfolio Budget Statements

Audit Report No.17 Performance Audit
Administration of Petroleum Excise Collections
Australian Taxation Office

Audit Report No.16 Performance Audit
Defence Reform Program Management and Outcomes
Department of Defence

Audit Report No.15 Performance Audit
Agencies' Oversight of Works Australia Client Advances

Audit Report No.14 Performance Audit
Client Service Initiatives Follow-up Audit
Australian Trade Commission (Austrade)

Audit Report No.13 Performance Audit
Internet Security within Commonwealth Government Agencies

Audit Report No.12 Financial Control and Administration Audit
Selection, Implementation and Management of Financial Management Information Systems in Commonwealth Agencies

Audit Report No.11 Performance Audit
Administration of the Federation Fund Programme

Audit Report No.10 Assurance and Control Assessment Audit
Management of Bank Accounts by Agencies

Audit Report No.9 Performance Audit
Learning for Skills and Knowledge—Customer Service Officers
Centrelink

Audit Report No.8 Assurance and Control Assessment Audit
Disposal of Infrastructure, Plant and Equipment

Audit Report No.7 Audit Activity Report
Audit Activity Report: January to June 2001
Summary of Outcomes

Audit Report No.6 Performance Audit
Commonwealth Fisheries Management: Follow-up Audit
Australian Fisheries Management Authority

Audit Report No.5 Performance Audit
Parliamentarians' Entitlements: 1999–2000

Audit Report No.4 Performance Audit
Commonwealth Estate Property Sales
Department of Finance and Administration

Audit Report No.3 Performance Audit
The Australian Taxation Office's Administration of Taxation Rulings
Australian Taxation Office

Audit Report No.2 Performance Audit
Examination of Allegations Relating to Sales Tax Fraud
Australian Taxation Office

Audit Report No.1 Financial Statement Audit
Control Structures as part of the Audits of the Financial Statements of Major Commonwealth Entities for the Year Ended 30 June 2001

Better Practice Guides

Administration of Grants	May 2002
Performance Information in Portfolio Budget Statements	May 2002
Life-Cycle Costing	Dec 2001
Some Better Practice Principles for Developing Policy Advice	Nov 2001
Rehabilitation: Managing Return to Work	Jun 2001
Internet Delivery Decisions	Apr 2001
Planning for the Workforce of the Future	Mar 2001
Contract Management	Feb 2001
AMODEL Illustrative Financial Statements 2001	May 2001
Business Continuity Management	Jan 2000
Building a Better Financial Management Framework	Nov 1999
Building Better Financial Management Support	Nov 1999
Managing APS Staff Reductions (in Audit Report No.49 1998–99)	Jun 1999
Commonwealth Agency Energy Management	Jun 1999
Corporate Governance in Commonwealth Authorities and Companies–Principles and Better Practices	Jun 1999
Managing Parliamentary Workflow	Jun 1999
Cash Management	Mar 1999
Management of Occupational Stress in Commonwealth Agencies	Dec 1998
Security and Control for SAP R/3	Oct 1998
Selecting Suppliers: Managing the Risk	Oct 1998
New Directions in Internal Audit	Jul 1998
Controlling Performance and Outcomes	Dec 1997
Management of Accounts Receivable	Dec 1997
Protective Security Principles (in Audit Report No.21 1997–98)	Dec 1997
Public Sector Travel	Dec 1997

Audit Committees	Jul 1997
Core Public Sector Corporate Governance (includes Applying Principles and Practice of Corporate Governance in Budget Funded Agencies)	Jun 1997
Administration of Grants	May 1997
Management of Corporate Sponsorship	Apr 1997
Telephone Call Centres	Dec 1996
Telephone Call Centres Handbook	Dec 1996
Paying Accounts	Nov 1996
Performance Information Principles	Nov 1996
Asset Management	Jun 1996
Asset Management Handbook	Jun 1996
Managing APS Staff Reductions	Jun 1996