



# Submission No. 10

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## THE TREASURY

Human Resources Unit  
The Treasury  
Parkes Place  
PARKES ACT 2600

6 September, 1999  
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The Secretary  
Senate Finance and Public Administration References Committee  
SG 60  
Parliament House  
CANBERRA ACT 2600

Dear Sir or Madam

### APS EMPLOYMENT MATTERS

I refer to Senator Campbell's letter of 30 June 1999 to the Treasurer, in which he invited submissions to your committee from agencies.

The letter was passed to all agencies in the Treasurer's portfolio with a request that they should make individual submissions if they choose to do so.

By way of background, the Treasury entered into its first Certified Agreement on 7 April 1998; the second Certified Agreement was certified on 3 September 1999. Integral to the latest Agreement were the development of a Treasury Management Model, which provided more clarity of purpose and objectives, by defining -

- A better way of organising - including a revised management structure and clearly defined role accountabilities;
- Upgraded people systems - in particular for performance management career development; and
- Support for management development.

Hence, while we are still developing our experience and expertise in agency-based bargaining, I feel we have some capacity to offer comments on the three points raised in Senator Campbell's letter.

### Senior Executive Service

SES staff are not included as parties to the new Treasury Certified Agreement. In keeping with the Government's policies, all SES have been offered Australian Workplace Agreements. Treasury has decided that AWAs provide the necessary scope to tailor conditions and remuneration packages to the needs of the Department. This is particularly relevant in the context of competition between APS agencies - and from non-government sectors - for executive staff.

- At the same time, it was considered important to develop a pay model which could be used to preserve internal equity amongst SES in terms of remuneration packages based on work value. The Performance Management System has that outcome as one of its primary aims.



While we found that we have a greater degree of flexibility in determining conditions and remuneration for SES, we believe that there are still considerable restraints in other aspects of SES employment - in particular in the engagement and tenure ('hiring and firing'). Both are still largely under the control of the Public Service Commissioner, in keeping with the Government's policies on central controls for SES. While that is addressed to a degree by the Public Service Bill, Treasury feels that there could be some loosening of the controls, particularly in regard to term engagements.

Also, the processes for handling underperformers are still cumbersome, process-oriented and time-intensive. Treasury feels that there could be some scope to streamline further, whilst still maintaining the proper safeguards of equity and natural justice.

### **Agency-Based Bargaining**

Our experience to date (albeit limited) indicates that the departure from collective bargaining and APS-wide awards and conditions has significant potential benefit for agencies. Through reforms and continuous reviews of operations - in full consultation with staff - Treasury has progressively achieved efficiencies and savings without compromising the established employment benefits and rights for staff.

The potential danger might be to the concept of a Career Service if mobility between agencies or portability of conditions become affected by the diversity of agency agreements. To date, that has been averted through observance of the Government's Policy Parameters on Agreement Making and the involvement of the central agencies. I believe some degree of central co-ordination should continue in that regard.

### **Performance Pay**

The Treasury Certified Agreement and Australian Workplace Agreements include provision for pay decisions based on performance as a principal feature. The Performance Management System which underpins Treasury's pay models reinforces the principle that agencies should incorporate in their agreements, the capacity to adjust salary by way of advancement, regression, loadings and bonuses as a result of performance appraisal. Hence, **ALL** Treasury staff will now be subject to such arrangements.

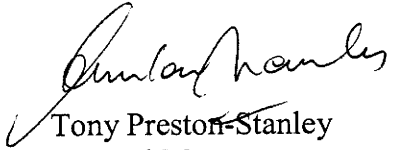
Furthermore, Treasury is prepared to meet the additional costs associated with the likely pay outcomes on the basis of the greater productivity that will ensue from the developments I have described.

We recognise that other agencies might have different arrangements and different rates. In keeping with comments above, we accept that as part of the differing demands, operations and cultures will vary across agencies.

Another fundamental feature of our Performance Management System is that all outcomes will be totally transparent. Accountability for the outcomes will be directed at the level of decision making, and managers' own appraisals will be dependant on the successful implementation of the system within their work units.

Thank you for the opportunity to provide comments to your review, Please address any questions to Max Gillard on 6263 3145.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tony Preston-Stanley". The signature is fluid and cursive, with a large initial 'T' and 'S'.

Tony Preston-Stanley  
General Manager  
Corporate Services Divison