Establishment of the NZDF Human Resource Service Centre

Report No. 10/2012

16 August 2012

Contents

Executive summary

Introduction

1   We looked at how the NZDF set up the Human Resource Service Centre, and the progress made in transitioning human resource support services to a central business unit. We also looked at how the Centre is performing.

2   The Human Resource Management Change Programme was a structured work stream under the Defence Transformation Programme, aimed at centralising most human resource functions and generating savings by reducing the number of personnel performing those functions.

3   The Human Resource Service Centre Project was a component of the change programme. It was delivered in two distinct phases. Phase 1 was to establish a centralised business unit providing human resource administration and payroll transactions, and support to NZDF personnel using standardised processes and tools.

4   Phase 2 of the project is consolidating the Human Resource Service Centre, centralising other human resource support services not covered in Phase 1, and seeking further efficiencies.

Key findings

5   The prime objective of the Defence Transformation Programme was to create new organisations which would put the NZDF in a better starting position for future change. The Human Resource Service Centre Project delivered a national human resource administration centre within the time-frame required by the Defence Force Executive Leadership Team. The project also achieved the financial benefits forecast in the investment case through personnel savings.

6   The efficiency and effectiveness of the Human Resource Service Centre in processing transactions and user requests suffered initially through some staff lacking knowledge and experience. Training requirements to overcome this situation necessitated diversion of resources . Delays in introducing new technology to facilitate improved interaction with users also adversely affected the service provided.

7   These issues, which continue, have undermined the ability of the Human Resource Service Centre to deliver the level and quality of service required. There is user dissatisfaction with some of the services being delivered.

8   The establishment of the Human Resource Service Centre has been accompanied by reductions in, or cessation of, military administration trades. The availability of military personnel with human resource administration experience is declining more rapidly than anticipated. Human Resource Centre management is having to focus on critical initiatives to advance civilianisation, improve training, and develop a knowledge base to capture the experience of military personnel while they are still available.

9   Progress in all these areas has been slow. The future success of the Human Resource Service Centre depends on its ability to recruit, train and employ enough qualified and experienced civilians to deliver a comprehensive human resource administration service for both military and civilian members of the NZDF.

10   Much work remains to be done before the effective delivery of comprehensive human resource support services to the NZDF can be assured.

The HRSC Project

11   The Human Resource Centre Project was established under the Human Resource Management Change Programme. The project was required to deliver a single, consolidated HR service centre to provide HR transactional interaction and support to users. It was also to achieve a significant reduction in the number of people providing HR services.

12   The establishment of the Human Resource Service Centre was undertaken over two phases:

   a   Phase 1 – to deliver, by 30 June 2011, a consolidated HR administration and payroll service for the main administration units.

   b   Phase 2 – to deliver the future HR Service Centre functions, incorporating other back office HR services.

13   In July 2010, the Executive Leadership Team approval the location of Upper Hutt for the Human Resource Service Centre and the process by which personnel would be migrated to a single co-located site.

14   Project planning and implementation was required to be consistent with the overall framework defined for the Defence Transformation Programme Human Resource Management Change Programme. We found that appropriate project management practices were followed for the implementation of Phase 1 of the HRSC project. Project procedures were established covering governance (senior management involvement, alignment with strategy), planning (objectives, realistic timelines), management (project framework, variations, inter-relationships with other projects, risk), resourcing (sufficient personnel skills), communication and training (internal and external), monitoring and reporting (timely and accurate, progress/outcomes).

15   Transfer of HR administration to the Human Resource Service Centre was completed in August 2011, when the Service Centre opened in premises in Upper Hutt. Phase 1 of the Project was closed and responsibility for the on going management and development of the business centre was transferred to the Director Human Resource Service Centre.

16   The Human Resource Service Centre was established with 109 posts. On commencing operations 84 percent of the posts were filled, with 18 positions vacant. The Service Centre was organised into six divisions including a Contact Centre, HR Support, Payroll Operations, Support Surge and Processing Centre, Course Nominations and Enrolments, and Business Improvement.

17   The Human Resource Service Centre was delivered within the timeline required by the Executive Leadership Team. HR administration personnel costs were reduced by 129 FTE (made up of an overall reduction of 130 military posts and an increase of 1 civilian post), delivering an ongoing saving of $7.86 million per annum.

18   A number of issues arose relating to staffing and technology as the Human Resource Centre commenced operations. These issues impacted on the efficiency and effectiveness of the new organization.

19   In particular, the experience level of many of the personnel posted to the Service Centre was lower than expected and resulted in errors being made in both the military administration and payroll areas. Other Service Centre resources were diverted to rectifying the problems being experienced. There was also a substantial additional training overhead to improve the knowledge level of Service Centre staff.

20   These issues impacted on the next phase of the project, which was to include completing outstanding project tasks that would enable the expected quality of service to be achieved. The additional benefits that were expected to be gained through further reductions in staff levels and the introduction of improved technology were reliant on this being achieved.

21   Early issues with staffing levels and information and communications technology that affected the level of service being delivered to customers has required management to focus on several initiatives that seen as crucial to the future success of the Human Resource Service Centre. Foremost in this, is the development of a knowledge base to capture the experience of military personnel before they move on and are replaced by civilians. Technology improvements are needed to improving the quality of service.

22   Other important initiatives identified include the development of training, communications with customers, and further refining processes and procedures.

23   Progress with these initiatives has been slow. Diversion of business improvement resources to more pressing tasks, such as changes required as a result of internal and external audits, legislation and NZDF policy, has meant that little work has been undertaken on developing a knowledge database and capturing information from military personnel.

24   Delays in introducing new technology impact on the level of service being provided to customers. An updated telephony system and service management system on which the development of customer request management, workforce management, and quality management improvements depend have not yet been implemented.

25   The Human Resource Service Centre has yet to develop comprehensive and structured training programmes for its staff. Funding was recently approved for two training posts within the Service Centre.

26   Communication between the Human Resource Service Centre and users across the NZDF has been poor. There is no ready means for the Service Centre to promulgate information on new or amended processes and procedures. A communications strategy to improve the effectiveness of communication with users is being developed. Improved methods of monitoring customer feedback are needed.

27   The Human Resource Service Centre was to review 'broken' administration processes identified as HR tasks were shifted from units to the Centre. This has not been fully advanced due to resource gaps.

Action needs to be commenced without further delay while residual administrators are still available at camps and bases to assist in identifying and implementing solutions.

28   Many administrators in the Services undertook more than HR and payroll tasks. When the people were removed, those other tasks became orphaned. Frequently there was no alternate resource or capacity left to continue them. Business design analysis appears to have focussed on those tasks that were to form part of the Human Resource Service Centre, and paid little attention to remaining tasks. We had found a similar situation when the Joint Logistics and Support Organisation[1] was established.

Future implications for HR administration

29   The reorganisation of HR administration in the NZDF, including the establishment of the Human Resource Service Centre, has resulted in Service administration trades being either significantly reduced—as in the Navy, or disbanded—as in the Army and Air Force. The Navy's Writer trade continues to provide support in seagoing ships and some local support in shore establishments. The Army and Air Force have implemented new or modified trades that will provide some limited administrative support to operational unit commanders.

30   The Human Resource Service Centre will be the only employer of specialist HR administrators. It must therefore have the capacity and the systems to train and develop staff for its own needs as well as for other areas of the NZDF involved in HR administration. The changes being made by the Services, described in the previous paragraph, will still necessitate military personnel receiving some level of training in HR administrative policies and processes. The Service Centre has factored this into its training development.

31   All Services generally support the concept of a national centre responsible for HR administration and payroll transactional and processing activities. There is however concern as to the absence of any HR administration presence on camps and bases. Some of this concern reflects the remoteness of the Service Centre and the lack of local face to face contact. Dissatisfaction with some of the services currently being delivered does not help users or their managers accept the changes. A programme of regular visits by Service Centre managers to camps and bases would be beneficial.

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[1]   Now Defence Shared Services.

32   The removal of experienced military administration personnel from many units has increased the work load for commanders and their officers. There is a view that not all military HR issues can be reduced to a process, and that young Service members in particular will still look to their unit officers for advice and guidance. The NZDF as a military organisation has a high level of responsibility to look after the interests and well-being of its personnel. Military HR administration is not simple and commanders need to be aware of HR policies and procedures.

33   It will be important for the Human Resource Service Centre to ensure it has adequate staff capacity, that Service Centre operators are trained for the tasks they perform, and that effective modern call-centre technology is available if it is to improve the level of service it delivers. We understand that any major technology improvement will have to wait for the Human Resource Management Information System project to be completed.

Recommendations

34   It is recommended that the NZDF:

a   in respect of the Human Resource Service Centre:

(i)   assigns priority to the development of a knowledge base of military HR matters, so that this knowledge can be captured before remaining specialists depart;

(ii)   introduces regular visits by Human Resource Service Centre senior personnel to camps and bases as a means of improving the mutual understandings between the Centre and military commanders, and to facilitate discussion on emerging issues;

(iii)   addresses, with the Services and as a matter of priority, processes that are incomplete or do not incorporate necessary Service-specific aspects. This needs to be progressed before the remaining Service administration specialists are lost;

(iv)   improves the timeliness and quality of services provided by the Human Resource Service Centre;

(v)   improves user guidance and information, and methods of disseminating changes to policies and processes;

(vi)   develops a comprehensive training framework for Human Resource Service Centre personnel;

b   in respect of wider HR administration:

(i)   recognises that many junior personnel may not have ready access to DIXS terminals or KEA kiosks and may not be maintaining their personal information to the level expected;

(ii)   requires Service initial training establishments to deliver, with the assistance of the Human Resource Service Centre, appropriate information on personal HR administration responsibilities;

(iii)   ensures that junior officer training and training for unit commanders and others with personnel management responsibilities, includes appropriate elements of NZDF HR policy, processes and administration such that officers can provide sound initial advice to their personnel when required; and

(iv)   requires that, where new processes are developed as part of business change, the impact on residual functions be fully investigated. Solutions need to be identified in conjunction with the Service or other business component from which the primary function is being transferred before personnel delivering those functions are moved.

Chief of Defence Force response

Chief of Defence Force response

1   The context and content of this report is noted and considered to be a fair representation of the issues and challenges of establishing the HRSC. Furthermore, the recommendations are supported, a number of which are already under action.

2   I note that the report has a common theme relating to the need for adequate and ongoing resourcing of the HRSC. In particular, personnel and IT resources will continue to present a challenge.

Section 1
Introduction

Introduction

1.1   We examined the setting up of the Human Resource Service Centre through the Human Resource Service Centre Project, and the progress made in transitioning human resource (HR) support services to a central business unit. We also looked at the status and effectiveness of the Human Resource Service Centre.

1.2   Field work for this review was completed in April 2012.

Background

1.3   The Human Resource Management Change Programme was a structured work stream under the Defence Transformation Programme. The focus of the Human Resource Management Change Programme was to centralise most HR functions and create savings by reducing the number of personnel performing those functions.

1.4   This centralisation led to the HQ NZDF Personnel Branch becoming the Defence Personnel Executive. Functions to be centralised within the Defence Personnel Executive included HR support services, HR advisory services, recruitment, training and education, chaplaincy, psychology and workforce planning. This centralised organisation was to be the foundation of a new HR operating model for the NZDF.

1.5   The Human Resource Service Centre Project was split into two phases. Phase 1 was to establish a centralised business unit providing HR administration and payroll transactions, and support, to NZDF personnel using standardised processes and tools. Efficiencies were to be derived largely from the reduction in personnel required to deliver the services.

1.6   The Phase 1 plan for the Human Resource Service Centre Project required the phased delivery of a consolidated HR administration and payroll service between December 2010 and June 2011. Phase 1 was completed when the Human Resource Service Centre commenced operations at its new Upper Hutt premises in August 2011.

1.7   Phase 2 of the project, which is being conducted alongside business as usual activities, encompasses the consolidation of the established Human Resource Service Centre, the centralisation of other HR support services not included in Phase 1, and the achievement of further efficiencies in the delivery of HR administration. Full civilianisation of a smaller Human Resource Service Centre over a 3-5 year period is one way in which benefits are expected to be realised.

Human resource structures and delivery

1.8   In July 2009, the NZDF Executive Leadership Team approved an investment case which, amongst other things, included the development of a national administration function (the Human Resource Service Centre) for the delivery of all HR support services for military and civilian personnel.

1.9   Further work undertaken on the investment case revealed that the complexity of the analysis required had been underestimated while the benefits identified had been overestimated. More administration processes than had been expected fell within the scope of the Service Centre, which significantly increased the analysis and detailed design required.

1.10 This work resulted in the development of a reduced benefits proposition. The Executive Leadership Team approved the revised benefits proposition in July 2010. Financial benefits were estimated at $8.87 million per annum, to be fully recognised in the 2012/13 financial year. This figure was based on achieving overall personnel savings of 128 Full Time Equivalents.

Payroll

1.11 In June 2009, the Executive Leadership Team approved a business case for the consolidation and centralisation of payroll functions. This project was subsequently merged into the HR Structures and Delivery project as benefits were dependent upon rationalisation of the HR administration and advice functions.

1.12 In November 2009, a decision was made to centralise civilian payroll and HR administration functions. The Civilian Payroll and Administration Project was completed in August 2010 when these functions were fully centralised and consolidated within Defence Shared Services. These functions were then included in the Defence Shared Services activities to be transferred to the Human Resource Service Centre.

1.13   At this point, the full consolidation of all payroll functions was considered to be outside the scope of the HR Structures and Delivery Project as it was considered dependent on developments associated with the Human Resource Management Information System project[2] which at that time was in the early design phase.

Consolidation of Army and Air Force administration

1.14   In addition to the consolidation of civilian payroll, both the Army and the Air Force consolidated their administration activities. These initiatives were seen as essential forerunners to the transfer of Service administration personnel to the Human Resource Service Centre.

HR operating model

1.15   To accommodate the approved future delivery option for HR administration and support, a new HR operating model was developed. This model, which was formally endorsed by the Executive Leadership Team in November 2009, identified that there were four distinct functional components required to support HR functions within the NZDF:

a   strategic personnel leadership;

b   HR advisors to provide advice to management;

c   centres of expertise to provide specialist HR expertise within functional areas; and

d   a Human Resource Service Centre to provide HR transactional interaction and support to users.

1.16   On 31 May 2010, the HQ NZDF Personnel Branch became the Defence Personnel Executive. From this date, NZDF HR processes, structures, policies, and delivery were centralised under a single point of accountability.

Human Resource Service Centre Project

1.17   The Human Resource Service Centre Project was established to deliver a single, consolidated human resource service centre and reduce HR personnel by 128 FTE. As well as the prime objective of setting up a Human Resource Service Centre, the project was required to accommodate within its activities the overall move towards the new HR operating model.

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2   The HRMIS project involves the replacement of the existing ad hoc human resources administration systems with a single integrated solution.

1.18   It was proposed that the establishment of the Human Resource Service Centre be undertaken over two phases:

a   Phase 1 would deliver, by 30 June 2011, a consolidated HR administration and payroll service to replace the main Service administration units.

b   Phase 2 would deliver, over a longer period, the future HR Service Centre functions, incorporating other back office HR services.

1.19   The Human Resource Service Centre Project Team developed three options for the implementation of the Service Centre. Options 1 and 2 were based on standardising all high volume processes and then progressively migrating each Service's HR functions to a single co-located site. Option 3, which was not favoured, advocated co-locating resources first and standardising processes afterwards.

1.20   Option 2 differed from Option 1 in that it proposed the Upper Hutt region as a location for shared services.

1.21   In May 2010, the Human Resource Management Monthly Management Group approved:

a   implementation of a new command structure for HR payroll and administration,

b   inclusion of the relevant Defence Shared Services civilian administration and payroll teams in the Human Resource Service Centre project, and

c   formation of a foundation Human Resource Service Centre by 30 December 2010, noting that Phase 1 of the Human Resource Service Centre Project was targeted for completion by 30 June 2011.

1.22   In July 2010, the Executive Leadership Team approved the implementation of a Human Resource Service Centre, to be located in Upper Hutt.

Section 2
HRSC project phase 1

Introduction

2.1   This section discusses how the NZDF managed development of the Human Resource Service Centre.

Governance

2.2   The DTP Steering Committee of the Executive Leadership Team was responsible for the key decisions affecting the delivery of the various Defence Transformation Programme work streams, including the Human Resource Management Change Programme. Decisions required for each work stream were referred to the Executive Leadership Team through the relevant sub-committee; in the case of the Human Resource Management Change Programme this was the Remuneration and Establishment Sub-Committee.[3]

2.3   For the Human Resource Service Centre Project implementation phase, the Human Resource Service Centre Project Manager reported through the Human Resource Management Change Programme Programme Director to the Remuneration and Establishment Sub-Committee.

2.4   The Human Resources Management Monthly Management Group was the forum to which issues were presented for resolution. The Monthly Management Group provided oversight and direction and, where appropriate, escalated decisions to the Remuneration and Establishment Sub-Committee for approval.

Planning

2.5   A Project Management Plan and Project Implementation Plan were raised to support the conduct of the Human Resource Service Centre project. The Project Management Plan provided a current state report for the project and outlined the overall project purpose and requirements. The Project Implementation Plan, which was approved in September 2010, established the scope and provided a roadmap for the project.

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3   The Remuneration and Establishment Sub-Committee was replaced by the Strategic Human Resources Committee (SHRC) in May 2011.

Project objectives

2.6   The project's objectives were to:

   a   establish full centralised accountability and responsibility for the HR administration and payroll function under the Defence Personnel Executive;

   b   define the roles required to perform each business activity and the metrics by which the service offered can be effectively measured;

   c   remove the need for face to face engagement for most generic activity for civilian, military and reserve personnel. There will be minimal HR administration presence on camps and bases;

   d   establish the right structure to handle transactional processing, front-line customer queries and specialists to support Phase 1;

   e   standardise processes to deliver an efficient administration and payroll service;

   f   establish a centralised model;

   g   identify and implement minor technology enhancement 'quick wins' to support a greater level of self service;

   h   ensure the HR Service Centre is staffed with the right people to support the NZDF's needs and meet customer satisfaction;

   i   establish Tier 2, transactional advice on associated HR admin and payroll activities;[4] and

   j   increase self-service tools (providing better information to support self-service), and require NZDF personnel to fully utilise existing self-service channels.

Timelines

2.7   The project was required to have a Foundation Service Centre in place by 30 December 2010. Phase 1 was to be completed by 30 June 2011.

2.8   Three streams of work were identified for the delivery of the Human Resource Service Centre: strategy and implementation; people and processes; and civilian payroll consolidation.

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4   Tier 2 advice provides case management support for more complex enquiries and requests. It provides direct support to commanders and HR advisors. See 2.26.

2.9   A delivery plan that identified the roll-out strategy by stages and waves was included in the Project Implementation Plan. This identified the programme of work and the major project milestones and dates by which each should be completed. A phased approach for the migration of administration personnel to the Human Resource Service Centre was planned, with each of the main Service administration units being transferred separately between February and May 2011.

Management

2.10   The project framework was required to be consistent with that defined for the Human Resource Management Change Programme. Management and control requirements included developing and maintaining a project schedule, risk and issues registers, an action log, change control processes, decisions register, and lessons learned.

2.11   Major risks identified at the outset of the project were included in the Project Implementation Plan along with potential impacts and mitigation action.

2.12   The inter-relationship of the Human Resource Service Centre project with other projects was clearly outlined in the Project Management Plan, identifying both those projects that were dependent on the Human Resource Service Centre Project and those that the project depended on. The consolidation of civilian payroll, consolidation of command of Army administration centres, and consolidation of RNZAF administration were three projects that needed to be completed to facilitate the transfer of these functions to the Human Resource Service Centre.

Resourcing

2.13   The Project Management Plan identified the personnel requirements for the project. Contractors were engaged for approximately half of the personnel requirements, including the project manager and work stream leads. The Services provided personnel to assist with the project.

2.14   The project was adequately resourced and, while there were changes to the project team, project management remained constant from July 2010 to the project closure in July 2011. To provide continuity, some critical personnel transitioned from the Human Resource Management Change Programme to the Human Resource Service Centre Project and then on to the Service Centre itself as it was stood up.

2.15   Total costs for the Human Resource Service Centre project fell predominantly in the 2010/11 financial year. Capital expenditure was $2.221 million, with a further $0.983 million of operating expenditure.

Communication and training

2.16   A Communications Plan was developed that included initiatives for informing users of the change to service delivery. This involved the distribution of communications materials such as wallet cards and posters. Messages and articles were included in NZDF and Service magazines and distributed via the NZDF intranet.

2.17   National road shows were presented across the NZDF prior to the first HR payroll and administration activities being transitioned to the foundation Human Resource Service Centre. Separate presentations were given to commanding officers and managers, and military and civilian personnel generally.

2.18   Specific briefing sessions were conducted for each Service's HR administrators prior to their transfer to the Human Resource Service Centre.

2.19   A Training Strategy and Plan was developed that outlined the training needs of the administration personnel being transferred to the Human Resource Service Centre. This included induction training and process training. New processes were analysed by project team members and a training delivery plan developed for staff. Areas outside the Service Centre were involved in parts of this process. The Training and Education Directorate assisted in developing training plans and undertook some of the training. HR Advisors were required to assist in the initial training of Service Centre Tier 2 advisory staff (see para 2.26).

Monitoring and reporting

2.20   The overarching Human Resource Management Change Programme defined reporting requirements. There was weekly reporting to the Human Resource Management Change Programme Programme Director and monthly reporting to the Monthly Management Group.

2.21   The weekly project status report outlined the key activities that were being undertaken, and included information on project changes, issues and risks. Progress against project milestones was also reported.

2.22   Regular monthly reporting was through the Human Resource Management Change Programme Programme Director. Specific reports were presented where key decisions on the project were required. Important issues that needed to be resolved at a senior level to progress the project were also escalated to Monthly Management Group meetings.

2.23   Benefits reporting to the Benefits Governance Group, outlining the progress being made in capturing expected benefits from the project, were prepared from September 2010. Final reporting of benefits and savings achieved was to the Executive Leadership Team Strategic Human Resource Committee. (See paragraph 2.27 for details of the benefits reported.)

Human Resource Service Centre organisation

2.24   In August 2011, HR administration and payroll functions were centralised under the Defence Personnel Executive as the Human Resource Service Centre was fully established. The Human Resource Service Centre Phase 1 Project was closed and responsibility for the on going management and development of the business centre was transferred to the Director Human Resource Service Centre.

2.25   The Human Resource Service Centre commenced with 109 established posts. At that point, the Centre was 84 percent manned against the establishment with the breakdown of positions filled being:

    a   Navy   11 (10%),

    b   Army   34 (31%),

    c   Air   13 (12%),

    d   Civilians   33 (30%)

    e   Unfilled   18 (16%) (1 military and 17 civilian).

2.26   The Service Centre was organised into six divisions:

    a   Contact Centre – a military team providing Tier 1 HR advice, including answering enquiries/requests that can be quickly resolved.

    b   HR Support – separate military and civilian teams providing Tier 2 HR advice, including case management support for more complex enquiries/requests. Provides direct support to commanders and HR Advisors. The civilian team also processes civil staff payroll including overpayments.

    c   Payroll Operations —civilian team delivering NZDF-wide payroll compliance and delivery.

d   Support Surge and Processing Centre—a military team for processing payroll which also handles military overpayments and the investigation and completion of legacy work. Provides reporting support to the wider NZDF. Mixed military and civilian team provides bulk entry of data into the HR system.

e   Course Nominations and Enrolments—civilian team managing administrative requirements for personnel undertaking NZDF courses.

f   Business Improvement— mixed team providing support for management of new/change requests and ongoing review and continuous improvement of work functions and processes. Continuous improvement, internal compliance and training development.

Phase 1 achievements

2.27   The Project Closure Report identified the success of Phase 1 as:

a   the command and control of a centralised HR Service Centre was in place by August 2011;

b   the same level of service was achieved with the introduction of an 0800 number, central email address and education material to promote self-service;

c   personnel costs were reduced by 129 FTE (made up of an overall reduction of 130 military posts and an increase of 1 civilian post) delivering an ongoing saving of $7.86 million per annum;

d   the NZDF intranet was loaded with standardised processes, procedures and forms;

e   90-100% of transactions were being processed by the HR Service Centre and not at administration units;

f   a one-stop-shop for all HR Administration, Payroll, Tier 2 HR Advice and other HR back-office functions was in place; and

g   there was an increase in self-service, removing face-to-face support within camps and bases and removing back office transaction processing on bases.

2.28   Each of the above factors provides a quantitative rather than qualitative assessment of success. There were a number of issues encountered during the implementation of the Service Centre that impacted on the efficiency and effectiveness of the start-up organisation and affected the quality of the service that was provided.

Transfer of military personnel

2.29   Although the Phase 1 project team was involved in the initial selection of military personnel for the Human Resource Service Centre foundation team, it was left to the Services to identify personnel for the full stand up of the Centre. Service concerns over the Civilianisation project, the Value for Money Review and, in the case of the Army, the establishment of a new Operational Support and Information Specialist trade to which many administrators were transferred, restricted the pool of quality people available.

2.30   Some Navy personnel were reluctant to move from Auckland to Upper Hutt. There were also delays in transferring Army personnel, to the extent that it was decided to split the transfer into two separate stages. In the case of Air Force personnel, short duration postings proved a challenge as administrators were required for conversion training to a new logistics trade that the Air Force was establishing.

2.31   As a result of the above matters, staff experience levels at the time the Centre commenced full operations were not as good as had been envisaged. This resulted in errors being made in both the military administration and payroll areas, particularly when the HR administration workload increased significantly because of the Civilianisation project and the concurrent introduction of substantial changes to military allowances.

Residual administration processes

2.32   As HR administration tasks were taken over by the Human Resource Service Centre many existing processes were broken. New processes were developed to provide appropriate links to the Service Centre, rather than local administrators, and back to the Service. In some instances, attempts to standardise processes across the NZDF meant that the importance of some Service-specific practices was not sufficiently recognised and a number of common processes were effectively incomplete or incorrect.

2.33   Many administrators at camps and bases had undertaken more than HR administration and payroll tasks. With the removal of these personnel there was no–or only limited–capacity to pick up the orphaned tasks that were not transferred to the Service Centre. Often the existence of those legacy tasks was not apparent until the person involved was removed.

2.34   We had previously found that similar issues arose during the establishment of the Joint Logistics and Support Organisation (now Defence Shared Services). We formed the view at that time that business analysis focussed on identifying and transferring those tasks and activities that were to move to the new organisation, and failed to recognise and address tasks that were not transferring. We were surprised to see that the lessons from the Joint Logistics and Support Organisation project appear not to have been recognised in the case of the Service Centre.

2.35   The Human Resource Service Centre has since recognised the need to identify the full range of functions undertaken by a particular function. We were informed that in its investigation of the Deployed Personnel Support Centre and the SAS, the Human Resource Service Centre is addressing with the relevant Service or unit how residual functions will be performed.

2.36   It had been acknowledged in Phase 1 planning that here would be a need to retrospectively clean up administrative processes that had been broken and remained incomplete, as well as those tasks that had been orphaned. However, the size and complexity of the undertaking, and the resources required to address the residual issues identified, were greater than had been predicted. This supports our view that more attention should have been paid to the impacts on residual activities during the business analysis stage.

Information and communication technology

2.37   Much of the success of the new Human Resource Service Centre was to be derived from the implementation of new technology to make it easier for users to access the information they required themselves, and to facilitate efficient interaction with the Centre.

2.38   Improving technology was to be a staged process, with the most significant advances expected to be derived from the future Human Resource Management Information System project. As part of the Phase 1 fit-out of the new accommodation, funding for certain critical technology improvements was sought and approved in December 2010. These were aimed at increasing self-service facilities and enhancing the capacity of the Kea/ATLAS[5] system to cope with the expected self–service increase. Other improvements required for Phase 1 included a new telephony system, a new service request management tool, and web-enabled access to the Service Centre intranet website.

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[5]   Kea is a self-service kiosk system to enable personnel to maintain elements of their own personnel information. ATLAS is the NZDF's current human resource management information system.

2.39   Enhancements to Kea were intended to make it more user-friendly and easier for units or individuals to undertake certain tasks themselves. This included such things as automatic approval for timesheets, the bulk entry of allowance requests, and the facility to commence pay allotments. Due to a shortage of Communications and Information Systems Branch personnel with knowledge of the Kea system, the improvements for timesheet entry and bulk allowance entitlements were not achieved. Processing of these transactions continued to be done through the Service Centre, increasing its overall workload. The proposal to enable personnel to set up their own allotments has since been withdrawn.

2.40   The upgrade to the existing telephony system was needed to enable such things as voice recording and screen capture to be used to improve workforce management. Delays with this upgrade meant that the Service Centre continued to use the existing telephony system with its inherent limitations.

2.41   Delays were also experienced in replacing a temporary service request management system. As a result, the ability to monitor and record the progress of requests to the Service Centre remained limited.

2.42   Web-enabled user access from the intranet was deferred as it was decided this should be considered as part of the Human Resource Management Information System project.

Training

2.43   Four training positions were included in the original design of the Human Resource Service Centre, to provide for internal and external training needs. Internal relates to Service Centre staff training whilst external involves customer training such as recruit courses and NCO promotion courses. These positions were removed in the final planning stage when it was considered the Training and Education Directorate's responsibility to provide the required training.

2.44   Subsequent work undertaken by the Training and Education Directorate[6] concluded that the extent of training that needed to be coordinated and delivered justified the establishment of two training posts within the Service Centre. However, before training personnel could be recruited approval to establish these positions needed to be sought through the Strategic Human Resource Committee.

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6   Now the New Zealand Defence College. However, we continue to refer to it as the Training and Education Directorate in this report as this was the title in use at the time.

Coverage of HR administration

2.45   When the Human Resource Service Centre became operational a number of administration aspects remained with existing units or areas of responsibility:

   a   Non-operational overseas postings, for example Defence Attachés or long overseas training courses, continued to be administered by the respective Services.

   b   The HQ JFNZ Deployed Personnel Support Centre was removed from Phase 1 because of the specialist nature of joint operations, pre-deployment requirements and deployed administration. A strategy to incorporate this was to be developed as part of business as usual.

   c   Senior officers pay - transition was underway but not completed.

   d   Naval ships – the Navy retained the Writer trade (administrators) for its ships.

   e   Performance documentation – while the Service Centre was distributing this documentation for the Army, Air Force and civil staff, the Navy had retained control of this process.

2.46   SAS administration and payroll was excluded from the scope of Phase 1 and therefore remained outside of the Service Centre.

2.47   All the above areas were to be incorporated into the Service Centre as soon as they could be accommodated. Work to integrate these areas into the Centre was to be part of ongoing business as usual activities.

Merging of military and civilian HR administration

2.48   Military and civilian administration and payroll remained separate within the Human Resource Service Centre and there were discrete military or civilian teams dealing with HR enquiries or payroll. The original intent was to have teams in place that could deal with both military and civilian enquiries. This would have facilitated the transfer of knowledge between military personnel and civilians, and provided the foundation for the measured transition of the Service Centre to a totally civilianised organisation over an estimated two year period.

2.49   Delays and difficulties with the transfer of personnel meant it was not possible to commence the merger process and, as a result, the military and civilian teams remained separate. The merging of personnel into single teams covering all aspects of administration and payroll therefore became an area for ongoing development.

Findings

2.50 Appropriate project management practices were used for the implementation of Phase 1 of the Human Resource Service Centre project. Project procedures covered governance, planning, management, resourcing, communication and training, monitoring, and reporting.

2.51 The prime objective of the Defence Transformation Programme was to create new organisations which put the NZDF in a better starting position for future change. Consistent with this overall philosophy, the main intent of Phase 1 of the project was to get the Service Centre up and running within a particular time-frame and to achieve the financial benefits relating to personnel savings directed by the HR Structures and Delivery business case. Timeframe and personnel savings objectives were largely achieved.

2.52 While the Human Resource Service Centre was established and began operating within the expected timeframe, there were issues that impacted its efficiency and effectiveness. The key issues related to staffing and technology.

2.53 In particular, the experience level of many of the personnel posted to the Service Centre was lower than expected, which resulted in errors being made in both the military administration and payroll areas. Other Service Centre resources were diverted to rectifying the problems being experienced. There was also an additional training overhead as managers attempted to provide personnel with the knowledge they needed.

2.54 These issues impacted on the next phase of the project which was broadly aimed at supporting the initial organization and completing outstanding tasks that would enable the Service Centre to be brought up to a level where it could deliver the quality of service expected. The additional benefits that were expected to be gained through further reductions in staff levels and the introduction of improved technology were reliant on this being achieved.

Recommendation

2.55 It is recommended that the NZDF:

a requires that, where new processes are developed as part of business change, the impact on residual functions be fully investigated. Solutions need to be identified in conjunction with the Service or other business component from which the primary functions are being transferred before personnel delivering those functions are moved.

Section 3

HRSC project phase 2 and current operations

Phase 2 implementation

3.1   The Project Implementation Plan for Phase 2 was prepared in June 2011. The immediate objectives of Phase 2 included:

     a   closing Phase 1 of the project by completing the project closure report, securing funding for future key technologies and embedding Tier 2 HR Advice support to commanders and managers);

     b   developing a strategy to capture HR administration knowledge before current Service specialists were lost to the organisation;

     c   developing requirements for key technologies to deliver the benefits the Centre was to achieve;

     d   bridging the gap between Commanders and the Centre by gathering requirements and understanding their needs;

     e   cleaning up any broken administration activities arising from implementation of Phase 1; and

     f   embedding a continuous improvement culture in the Centre.

3.2   Some activities would be completed as Phase 2 tasks, while some would be incorporated into business as usual activities. Phase 2 project tasks included the development of a knowledge base, the delivery of key technologies, the development of training and communications frameworks, and cleaning up any orphaned and broken administration activities. All of these tasks were expected to be completed by April 2012.

3.3   Tasks such as incorporating other HR administration activities would fall under the auspices of business as usual.

3.4   A project team of 3 business analysts was to be retained to assist Human Resource Service Centre management in achieving Phase 2 objectives. However, due to vacancies in the Service Centre business improvement team, these business analysts became involved in day to day activities and in resolving immediate issues. As a result, Phase 2 project tasks were effectively absorbed into the business as usual activities of the Service Centre.

3.5 With the Human Resource Service Centre established, and with processes bedding in, management commenced planning for the future. Foremost was the need to reinforce the philosophy of centralisation and maximise customer self service. An operational plan was developed to outline the way forward. This plan included four Key Result Areas, associated goals and initiatives.

3.6 The four Key Result Areas in the 2011/12 plan are:

a Stakeholder - to deliver efficient and effective HR administration and pay services that consistently achieve 80% stakeholder satisfaction.

b Learning and Growth – to create an environment where people know how they contribute, take responsibility for their contribution and are recognised for the value that they add.

c Resources and Efficiency – to support the goals of the NZDF and Defence Personnel Executive to standardise and consistently apply policy and procedures; also manage resources efficiently and effectively.

d Internal Business – to have efficient and effective core processes.

3.7 A timeline for the completion of initiatives was included against which progress to achievement could be monitored. As such, the operational plan provides the basis of Service Centre reporting to senior management. As has been reported, implementation of the plan has been affected by a number of ongoing issues that are discussed below.

Current level of service delivery

3.8 The Human Resource Service Centre project team had highlighted the risks to the Project if the service declined once the Centre was established.

3.9 The issues noted in the previous section of this report, particularly those relating to the experience level of military personnel transferred to the Service Centre, as well as the difficulties in implementing the required technology enhancements, had the potential to impact on the level of service provided to users.

3.10 In order to investigate this, we interviewed a wide variety of personnel to establish an indicator of the level of user satisfaction with the Service Centre. Feedback was sought on the delivery of HR support services to individuals, commanders and managers, and to functional areas within the organisation.

3.11   We found that there are issues with the services currently being delivered by the Service Centre. Analysis of the comments we received identified a number of common areas of concern.

Quality and timeliness of service

3.12   Many users commented on the poor quality or timeliness of some services, and of certain recurring incidences of errors in transactions. The main areas involved the Tier 1 call centre, the Tier 2 case management team and, in the case of processing, the payroll and bulk Atlas entry teams.

3.13   In many cases these issues appear to be a direct result of personnel being stretched, in terms of both workload and level of experience.

Request or documentation tracking

3.14   Users expressed concern at their inability to easily monitor or follow up the progress of requests made to the Service Centre. This related predominantly to requests that were being case managed, or documents despatched to the Service Centre for processing.

3.15   Users suggested that a customer tracking system would overcome some of these difficulties and provide assurance that requests were being progressed satisfactorily. Users also wanted some form of confirmation or assurance that work had been completed.

3.16   There was a lack of confidence in the Service Centre because of requests or documents not being actioned and, in some instances, being lost or misplaced.

Points of contact

3.17   The need for designated points of contact at the Service Centre was widely raised as an issue because of the apparent high turnover of staff within the Centre. Users expressed frustration at not being able to contact personnel who are familiar with a particular area or issue. Points of contact are also seen as necessary to facilitate the effective follow up of requests or processing.

3.18   The need for points of contact signals a lack of confidence that personnel at the Service Centre will be able to deal effectively with enquiries across all HR activities. It reflects the lack of an effective tool for tracking and managing requests submitted to the Centre.

Incomplete or broken processes

3.19   There are a number of process maps that should be revisited because they are incomplete or broken and do not incorporate important Service-specific administrative requirements.

3.20   The Services are becoming aware of these situations as they find that processes are not being fully completed by the Service Centre. Processes involving career management - notably performance development planning, promotions, and extensions of service are areas identified where this has happened. In some cases this has meant the Service having to reclaim some or all of the tasks involved.

Orphaned administrative tasks

3.21   The Service Centre is required to clean up any orphaned administration activities and this has been a larger task than was anticipated. Many of these tasks are not the responsibility of the Service Centre, but there is an ongoing obligation to find solutions. Examples of this are air accident emergency management, welfare and family support tasks, and 'march in' and 'march out' procedures that need to be completed as personnel are posted into, or out of, camps or bases.

3.22   Some tasks have fallen into a gap where other functional areas were also being reorganised. One example of this is the processing of documentation for attestation, particularly during recruit intakes. While the Service Centre is responsible for processing the documentation, the actual preparation of enlistment forms and records—which was previously undertaken by Service administrators—has fallen into a gap between the restructured recruiting and training organisations. With neither of these areas accepting responsible for this task, the Service Centre surge team has stepped in to undertaken the work required. This is however only a temporary solution until clear responsibility has been determined. The ability to undertake these tasks in a timely manner may be affected by other Service Centre work demands and the availability of surge team staff.

Demarcation between HRSC and other centralised functions

3.23   Users remain uncertain as to which organisations should be contacted in relation to certain services. Processes associated with overseas travel allowances and posting entitlements that involve both HR administration and travel requests were mentioned as particular areas of difficulty. Similarly, the crossover of HR advice between the Service Centre and HR Advisors is proving difficult to assess, as are the links in processes between the Service Centre and Training and Education Directorate for course administration.

3.24 Processes involving other centralised service agencies should be reviewed and updated. It appears that there may in some instances have been insufficient consultation with other agencies when the Human Resources Service Centre was determining common processes.

3.25 It may also be necessary to ensure that information is being effectively communicated to users. Clear and accurate processes should exist between the Service Centre and central agencies, and information on these processes should be easily accessible to users.

Adequacy of user information

3.26 The need for improved communication and better information, particularly for junior ranks, was raised as a significant issue. Many of the NZDF's junior personnel do not have easy access to a computer and are therefore unable to use the Military Administration and Payroll or HR Toolkit intranet sites where the bulk of user information is held. Anecdotal evidence suggests that activities such as updating personal details, which are now required to be done by individuals themselves, are not being completed because personnel are either unaware of the requirements or unable to complete them.

3.27 While a wide variety of personal details can be updated through Kea there are still some, such as updating passport details, which cannot. This information has to be sent by individuals to the Service Centre. With the departure of local administrators, previous systems of issuing reminders have largely been abandoned and as a result updating of details is not always being done.

3.28 Communication about changes to processes needs to be improved. At present, processes are being changed without any warning. This may be an indicator of the level of changes currently taking place as processes are refined and corrected. It also reflects difficulties being experienced by the Service Centre in effectively communicating with the wider NZDF now that local/unit administration centres have been removed.

Additional workload on commanders and managers

3.29 A greater administration workload has fallen on commanders and managers. This is so for both HR related administration and general administration matters. While commanders previously needed to have an awareness of administrative requirements they are now required to have an in-depth knowledge of both HR and non-HR policies and procedures. Some of this administration work can be distributed to other personnel in

a unit but it was noted that with current manning levels this option is not always available. Administrative work of this nature is at risk of being given less priority than core operational activities and in some cases is not being completed.

3.30   One reason why commanders and managers are being required to provide greater assistance than was anticipated may be that personnel are not seeking HR related information or assistance themselves to the extent that it was envisaged or intended.

3.31   More effort may be needed to encourage personnel to undertake their own HR administration. However, the nature of military employment is such that the organisation, through its commanders, has a high level of responsibility to look after the overall interest of its personnel. One part of this includes the expectation that administration support should be readily available. Military HR administration is not simple and the removal of any local source of advice for individuals may continue to provide challenges in maintenance of accurate, effective and timely HR administration. Regular visits by managers and senior staff of the Service Centre to formation and unit commanders would assist in improving mutual understandings and facilitate discussion on emerging issues.

Human Resource Service Centre management initiatives

3.32   The Human Resource Service Centre is largely aware of the ongoing service delivery issues outlined above. Management activity has for some time been focussed on initiatives that cover the most significant areas of concern.

3.33   The Service Centre has identified two issues that are critical to its ability to provide an effective service. Firstly, a knowledge database is needed to enable information and expertise to be retained as Service Centre staff, particularly military, move on. Secondly, communications, information and technology capabilities need to be significantly improved to enable service delivery to reach the level required.

3.34   Other priority initiatives necessary to raise the quality of service being delivered include establishing a comprehensive training framework, and maintaining staff morale. An effective communication strategy is needed with clear and rapid means of disseminating changes to HR policy, processes and procedures.

Knowledge data base

3.35   Military administration personnel are a disappearing resource. This creates a significant risk to the Service Centre in terms of ongoing knowledge and experience, particularly as the Centre will in future be operated by civil staff with minimal military involvement. Existing knowledge, therefore, needs to be captured and made available for new staff. This is particularly important in relation to Tier 2 advisory personnel.

3.36   It was anticipated that the process of civilianisation would take place gradually over a two year period. The Services had committed to posting uniformed personnel to the Service Centre until February 2014. However, as military numbers decline some Services may be unable to provide suitable personnel. There has already been a drop in the number of uniformed personnel at the Service Centre due to resignations, trade changes and postings. This has meant that the need to replace significant numbers of military personnel with civil staff has eventuated earlier than anticipated.

3.37   This is illustrated by Figure 3.1 which shows that between August 2011 March 2012, the number of military personnel posted to the Service Centre fell from 58 to 44. With both military and civilian personnel leaving, the number of vacancies in March 2012 was 21.

Fig 3.1:   HRSC personnel changes Aug 11 – Mar 12.

		AUG 11	MAR 12	CHANGE
Army		34	30	-4
Navy		11	6	-5
Air Force		13	8	-5
Total Military		58	44	-14
Civilian		33	43	+10
Vacant[7]	Military	1	8	+7
	Civilian	17	13	-4
Total Establishment[8]		109	108	-1

3.38   During the same period, Aug 11 – Mar 12, the average total number of service requests per month increased from 6,500 to 8,500.

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[7]   Vacant changes reflect the fact that 4 military positions have been re-classified as civilian posts over the period.

[8]   HRSC establishment has been reduced by 1 position over the period.

3.39   The Military Administration and Pay intranet site is one part of an overall knowledge base for the use of both Centre personnel and customers. This in conjunction with the Defence Personnel Executive sponsored HR Toolkit, and the civilian payroll and administration intranet sites that provide a useful and extensive guidance resource on HR matters.

3.40   No work has been undertaken on developing a knowledge base repository for information captured from military personnel. Such a repository would provide an essential tool both as a training resource and as a research tool to trace historical aspects of NZDF payroll and administration systems. The opportunity to develop this knowledge base is quickly being lost as military personnel depart the Service Centre.

Information and communications technology

3.41   Operational funding of $160,000 was obtained in June 2011 to employ an external project manager to advance the Service Centre technologies. The most critical of these technologies were the telephony solution, service request information system and internet access for users. Other enhancements such as workforce management and quality management were reliant on these systems being implemented.

3.42   Other operational funding totalling $199,000 was approved for improving the connectivity of self-service kiosks to the NZDF intranet, and for enhancing Kea usability.

3.43   Capital funding of $390,000 was obtained for the development of self-service channels for commanders, better known as the 'commander's desktop'.

3.44   Little progress has been made in improving the critical technology required by the Service Centre. The new telephony system has not been installed because of a combination of CIS Branch resourcing constraints and testing failures caused by incompatibilities between the proposed system and the NZDF network. The project has now reached a point where alternative solutions need be considered. We were informed that some improvement can be made to the existing system in the interim but has not so far been sought by the Human Resource Service Centre.

3.45   Work towards a new service request information system has been suspended pending the outcome of a study into wider service centre structure and technology needs. In the short term, there appears to be little scope to improve service request management, workforce management, and quality management within the Service Centre.

3.46   Internet access for customers has also been put on hold as any solutions identified will need to be considered as part of the Human Resource Management Information System project.

3.47   The Communications and Information Systems Branch has not been able to advance improvements to self-service kiosks. This work appears to have insufficient priority for attention.

3.48   The development of technology required for the 'commanders desktop', which was intended to ease the burden on commanders/managers and make information more readily accessible, has not progressed. This has now been put on hold and is to be considered as part of the Human Resource Management Information System project.

3.49   For the present, the Service Centre provides commanders and managers with direct access to the Tier 2 case management support team. Also being considered are aspects of business that currently require personnel to seek approval from their commanders/managers where this is mostly just a matter of formality. Course allowances are an example of areas where approval automation could be introduced into existing processes, thereby providing some additional relief from administrative tasks.

3.50   The Service Centre is also looking into the possibility of automating the generation of reminders for personnel to update their personnel details including such matters as passport expiry dates.

Training

3.51   Training is largely based on the training resources developed for the initial implementation of the Service Centre, in conjunction with courses provided by external training providers. New foundation and advanced level administration training packages are being developed in conjunction with the Training and Education Directorate. Induction training for new recruits has been developed. Training is being provided to team leaders to develop their skills in the delivery of on-the-job training.

3.52   These steps are only an ad hoc solution. There remains a need to develop a comprehensive training framework for the Service Centre that includes all aspects of training including analysis, design, development, conduct and validation.

3.53   Funding for two training posts was recently approved. Indications are that NZDF training personnel not required elsewhere may be available to fill these roles. This would significantly reduce the time before work can commence on improving training resources.

Communication

3.54   We were informed that the new centralised HR administration structure
        makes it more difficult to promulgate information across the NZDF. This
        includes educating customers on HR administration and pay matters
        generally, as well as informing customers of changes to policy that will
        affect them. Whilst traditional methods such as the NZDF intranet and
        NZDF and Service magazines continue to be used they do not provide as
        effective a conduit as the now disestablished local administration centres.

3.55   A communications strategy is being developed in conjunction with the
        Defence Communication Group to establishing the roles of each
        organisation in maintaining contact with customers. Amongst other
        things this is expected to identify how communication can be made more
        effective. Methods for measuring the effectiveness of communications
        will also be considered.

3.56   Customer feedback/satisfaction surveys also form part of the customer
        relations strategy being developed. In the meantime the Service Centre
        relies heavily on informal feedback or ad hoc complaints received from
        users relating the service they have received.

3.57   Although Service Centre personnel visit camps and bases, this is usually
        to complete specific tasks rather than to engage and communicate
        generally. Commanders often expressed a view that regular and frequent
        visits by Service Centre managers to camps and bases were desirable,
        particularly while the NZDF is adjusting to the impact of this very
        significant change to its HR administration.

Refining and standardising policy, procedures and processes

3.58   A full assessment of administration and payroll processes was undertaken
        as part of Phase 1 of the project. Standardised process maps were created.

3.59   Process maps were intended to be easily adopted by the Services.
        Improvements in technology and effective information provided by way
        of the intranet or direct Service Centre assistance were expected make
        tasks easier to complete. The Services were to educate their personnel
        into the new ways of conducting business.

3.60   This has not been achieved. There are issues with many of the standard
        processes created, to the extent that in some areas, notably career
        management, the Services are retaking responsibility for the tasks
        involved, but they no longer have the personnel who previously carried
        out these tasks.

3.61   Progress on reviewing processes has been slow. In the case of performance management, where significant issues around service specific requirements have arisen, a formal project to establish a NZDF Professional Development Framework is currently being undertaken by the Defence Personnel Executive. Once a more standardised way of undertaking performance management across the NZDF has been established, the role of the Service Centre in the process should be clarified.

3.62   To achieve this in other areas, cooperation and support will be required between the respective Service(s), the Service Centre and any other part of the organisation involved. Processes will need to be closely examined so that effective solutions can be identified and future roles and responsibilities agreed. With residual administrators only likely to be available to assist in this for a short period there is a need for such reviews to be undertaken as soon as possible.

Progress towards delivering all HR administration

3.63   Certain areas of HR administration were either deferred because more research was required or were out of scope of Phase 1. These were to be incorporated into the Service Centre as part of business as usual activities.

3.64   The administration of Navy and Air Force personnel on non-operational overseas postings[9] was transferred to the Service Centre in October 2011. Army administration has only recently been transferred. The challenge here is to capture the knowledge and experience of the military personnel who undertake this specialist task before they are posted out.

3.65   The HQ JFNZ Deployed Personnel Support Centre, which provides administration to land based deployed personnel, has not yet been transferred into the Service Centre as was intended. As an interim step the Atlas bulk entry team is doing some transactional work.

3.66   Senior officers' pay, which was taken over by the Service Centre as planned, has recently been handed back to Defence Personnel Executive because the person responsible resigned. The Service Centre did not have the capacity or experience to continue undertaking this role.

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9   Largely Defence Attachés and personnel on long training courses.

3.67   Performance documentation was being raised and distributed by the Service Centre for the Army, the Air Force and civilians. The Navy had retained control of its process. More recently the Air Force has retaken control of its performance documentation due to issues with tasks not being completed by the Service Centre.

3.68   The transfer of TF administration to self service has been completed in conjunction with TF cadre facilitators. Work on SAS administration has recently commenced and an initial meeting to develop a plan for the transfer of activities to the Service Centre has been scheduled for May 2012.

Findings

3.69   Following the establishment of the Human Resource Service Centre, management developed an overall operational plan to drive the future development of the organisation. This outlined initiatives to be undertaken in the year ahead to meet the objectives outlined for the Service Centre.

3.70   Early issues with manpower and technology that affected the level of service being delivered have required management to focus on several critical initiatives. Foremost was the development of a knowledge base to capture the experience of military personnel before they move on and are replaced by civilians. Technology improvements were also seen as being critical to improving the quality of the service being provided to customers.

3.71   Other important initiatives involved the development of training, communications with customers, and further refining of processes and procedures.

3.72   Progress with these initiatives has been slow. A lack of resources within the Service Centre business improvement team and pressing tasks, such as changes required as a result of internal and external audits, legislation and NZDF policy, has meant has meant that little work has been undertaken on developing a knowledge database and capturing information from military personnel.

3.73   Delay in introducing new technology has continued to impact on the level of service that can be provided to customers. An updated telephony system and service management system are required to enable the development of customer request management, workforce management, and quality management improvements.

3.74   The Service Centre continues to rely on a variety of training resources developed in an ad hoc way to provide training to staff. Funding was recently approved for establishing two training posts within the Service

Centre to deliver the training required. The commencement of the development of a systematic training framework for the organisation therefore awaits the recruitment of these trainers.

3.75 A communications strategy to improve the effectiveness of communication with users is being developed. As well as identifying better ways of communicating information to users, improved methods of monitoring customer feedback need to be developed. Service Centre managers need to visit camps and bases more frequently to improve the exchange of information and mutual understanding with military commanders and their senior personnel.

3.76 Ongoing manpower shortages have limited the ability of the Service Centre to review broken administration processes and establish roles and responsibilities between itself, the Service and other organisations. These reviews need to be undertaken while military administrators are still available to assist in identifying and implementing solutions.

Recommendations

3.77 It is recommended that the NZDF:

a   improves the timeliness and quality of services provided by the Human Resource Service Centre;

b   introduces regular visits by Human Resource Service Centre senior personnel to camps and bases as a means of improving the mutual understandings between the Centre and military commanders, and to facilitate discussion on emerging issues;

c   addresses, with the Services and as a matter of priority, processes that are incomplete or do not incorporate necessary Service-specific aspects. This needs to be progressed before the remaining Service administration specialists are lost;

d   improves user guidance and information, and methods of disseminating changes to policies and processes;

e   assigns priority to the development of a knowledge base of military HR matters, so that this knowledge can be captured before remaining specialists depart;

f   develops a comprehensive training framework for Human Resource Service Centre personnel; and

g   recognises that many junior personnel may not have ready access to DIXS terminals or KEA kiosks and may not be maintaining their personal information to the level expected.

Section 4
Implications for future HR administration

HR administration changes

4.1 The reorganisation of HR administration within the NZDF, which included the establishment of the Human Resource Service Centre, resulted in the Navy's Writer trade being reduced and the administrative trades within the Army and the Air Force being disbanded.

4.2 At the same time the administration centres at each camp and base were disestablished. As well as transferring back office transaction processing for HR administration this removed all face-to-face support. In the case of the Army, not only were administrators removed from the camp administration centres but also from those units which had an established S1 personnel position. 10, 11

4.3 The remaining Navy Writers continue to provide HR administrative support to naval personnel serving at sea. Writers also provide support to shore units when they are on the 'shore' phase of their regular sea/shore posting cycle. The Navy is examining the future requirements and sustainability of the Writer trade.

4.4 The Army has developed an Operational Support and Information Specialist trade, to which a selection of ex-administrators was transferred. This trade has been developed and approved as an operational land capability within the signals environment. It will be responsible for managing information, supporting command post operations, and managing reach back to New Zealand from overseas. Operational Support and Information Specialist personnel will undertake the function of the S1 position in units deployed.

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10   The S1 position is responsible for acquiring, analysing and coordinating personnel information in order to present essential information to the commander to allow effective decision making.

11   The S1 position throughout the Army was intended to be removed and replaced by civilian Human Resource Advisors as part of the overall HR reorganisation. However, the inability of civilians to deploy has meant that the S1 position has been retained for operational purposes. How the function will be delivered in the future is currently being reviewed as part of the OPSIS trade development process.

4.5   When not on operations Operational Support and Information Specialist personnel will be posted to deployable units that have retained an S1 position. In this role they may continue to provide some limited personnel support to unit commanders but they will not undertake the role previously held by administrators.

4.6   The Air Force has also transferred a number of administrators into a new logistics specialist trade. A review of the remaining existing administrator positions within operational squadrons will consider how this task should be carried out in the future. Logistics specialist trade personnel could undertake some HR administrative tasks when units deploy.

Implications for current and future HR administration support

4.7   We found that the Services generally support the concept of a national centre for undertaking HR administration and payroll transactional and processing activities. However, each Service has concerns over the absence of HR administration presence on camps and bases.

4.8   Issues supporting the need for local HR services range from the view that it is unrealistic to expect junior personnel with limited access to the NZDF intranet to undertake their own HR administration, to the lack of knowledgeable people in units for them to consult. There is also concern about the additional workload of administrative tasks being placed on commanders and managers.

4.9   For the time being Navy Writers and Army and Air Force ex administrators (including those now in their new trades) will continue to provide some essential HR administrative support throughout their organisations. This is however a resource that will rapidly dissipate.

4.10   If the Human Resource Service Centre is to provide a level of service that obviates the need for the Services to maintain some HR administration skills, it will need to improve its resourcing, skill levels and technology tools.

4.11   This in itself this may not be sufficient. It has been suggested that an alternative method of delivery using the hub and spoke model might be desirable, with Human Resource Service Centre 'spokes' at major NZDF locations.

4.12 An NZDF National Service Delivery Programme which is focused on business and base service delivery across a number of business areas has recently been commenced. Two projects under the programme are relevant to the operation of the Service Centre. One involves a review of all Defence contact and service centres, the other will review the management of services on bases and camps, including general administration, executive and personal support, registry management, and document management. Between them, these reviews will consider the structure and methods of delivery of all shared services across the organisation.

Conclusion

4.13 The success of the Human Resource Service Centre in the near and intermediate future depends on its ability to recruit, train and employ enough qualified and experienced personnel to deliver a comprehensive HR administration service to the NZDF.

4.14 As the only employer of HR administrators the Service Centre will need to be able to grow sufficient staff to sustain not only its own requirements but also for other areas involved in HR administration. It will, for instance, become a training ground for future HR subject matter experts because there will be no other area where knowledgeable and experienced HR administrators can be developed.

4.15 Military personnel required to attain some knowledge of HR administration, largely for operational purposes, will rely on the Service Centre for their knowledge and training.

4.16 The Service Centre, and HR administration generally within the NZDF, remains a work in progress. A considerable amount remains to be done before the effective delivery of future HR support services to all areas of the organisation can be assured.

Recommendation

4.17 It is recommended that the NZDF:

a requires Service initial training establishments to deliver, with the assistance of the Human Resource Service Centre, appropriate information on personal HR administration responsibilities; and

b ensures that junior officer training and training for unit commanders and others with personnel management responsibilities, includes appropriate elements of NZDF HR policy, processes and administration such that officers can provide sound initial advice to their personnel when required.