



Australian Government

# APS Strategic Commissioning Framework

Strengthening APS capability through reduced  
reliance on contractors and consultants



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## Enquiries

The Australian Public Service Commission welcomes feedback on this guide. Please direct comments or enquiries to [FOWtaskforce@apsc.gov.au](mailto:FOWtaskforce@apsc.gov.au)

## Version control

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# APS Strategic Commissioning Framework

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## INTENT

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The core work of the APS must be done by our core workforce – APS employees. This expectation will wind back excessive outsourcing and its impacts on the skills held and used in APS agencies.

All agencies must move away from outsourcing work that is the core role of the APS or the agency. Agency heads are accountable for rebalancing their workforce to prioritise direct employment, strengthen capability, and ensure any use of external expertise enhances the work and knowledge of the APS. The Strategic Commissioning Framework sets this policy direction for the APS and provides the advice and tools required for agencies to make this change.

This framework sets a clear expectation that most roles and functions will be delivered by APS employees, outlines limited circumstances in which external workforces could be appropriate, and ensures the APS maximises the benefit of any external arrangements.

Over time - when supported by APS recruitment, skilling and mobility - this approach will deepen system-wide capability and reduce the risks to integrity, expertise and public trust posed by excessive outsourcing. Monitoring and reporting arrangements will hold agencies accountable for their progress.

## AUDIENCE

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This framework helps agency heads meet their responsibilities to reduce reliance on the external workforce and prioritise APS employment and capability.<sup>1</sup>

It should be used by decision-makers leading teams or functions. Corporate areas will embed it into policies and business processes.

Agencies will apply this framework to rebalance their workforce while delivering on their priorities. The framework is outcomes-focussed, principles based and whole-of-service, allowing each agency flexibility to deliver results in a way that works for its circumstances.

## WHEN TO USE THE FRAMEWORK

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The framework applies initially to all entities that employ staff under the [Public Service Act 1999](#). Other Commonwealth entities are encouraged to follow the framework. Over time, the range of entities applying the framework is intended to grow.

The framework should be used in the following contexts:

- to review how existing functions and roles are resourced
- to convert work done by labour hire, contractors and consultants to APS employees
- as emerging priorities and/or projects need to be resourced and delivered.

The framework is not intended to replace grant arrangements under the *Commonwealth Grants Rules and Guidelines 2017* (CGRGs) and programs managed by third party organisations are out of scope.

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<sup>1</sup> The external workforce refers to contractors, consultants, labour hire and outsourced service providers.

## PRINCIPLES

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Agencies are required to adhere to the following principles.

### Principle 1: Start with rigorous planning

Agency-level planning is a key enabler of this framework. Through corporate and workforce planning, agencies make decisions about their priorities, the capabilities needed to deliver them, when they are required, how long they are required and where they exist in the APS and broader labour market. These are crucial inputs as decision-makers plan their work and manage their workforce. Planning at an agency level can help manage the peaks and troughs in individual projects and the cyclic nature of policy and program delivery, avoiding decisions being made in siloes. This may include the reprioritising of work.

The principles and steps in this framework should inform agency planning at all levels, from the inception of new work through Budget processes to project planning for individual initiatives. This must be built into agencies' existing policies and processes.

### Principle 2: APS employment is the default

APS employment must be the default for core APS work. Employees are subject to important safeguards and accountability mechanisms that do not apply to contractors and consultants,<sup>2</sup> helping maintain integrity of the system.

The usual basis of engagement in the APS is as an ongoing APS employee, as per section 10A of the Public Service Act. Non-ongoing APS employment is also appropriate and is preferable to external labour (definitions are provided at the end of the framework). Be mindful of requirements under the [Secure Jobs Better Pay Act](#) in relation to fixed term contracts.

### Principle 3: Use APS networks first

When there is a vacancy, business need or capability gap, decision-makers need to first consider how the function could be performed by APS employees. Beyond recruiting employees, options include seeking advice, support or mobility (via temporary transfers or secondments) through APS networks. See Step 2 for guidance.

Where agencies need to temporarily boost or augment their workforce, non-ongoing, casuals and temporary mobility arrangements should be prioritised over labour hire or contractors. This can include reengaging former public servants with relevant expertise where appropriate and in line with the requirements of the Employment Principles.

### Principle 4: Use external support in limited circumstances

Procurement of the external workforce is appropriate in limited circumstances such as:

- where agencies are genuinely unable to fill a capability gap through recruitment and are unable to access expertise within the APS or

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<sup>2</sup> Protections under the *Public Service Act 1999*

- where there is a need for independent advice (for example, due to requirements in legislation or an assurance need) and it cannot be sourced from within the APS. This should be used on a one-off or limited basis or
- where services that may be non-core APS work are required such as property management, Defence base health services, building cleaning, construction and security.

Decision-makers must weigh up long-term costs and benefits for the APS before outsourcing work, to avoid creating and perpetuating capability gaps. They should consider:

- the integrity benefits of the APS Values, which apply to APS employees
- whether the need is genuinely one-off or specialist and whether it is a capability that is likely to be required by the agency in the future
- confidentiality, privacy and integrity, including conflicts of interest
- budgets and value for money
- anticipated gain or loss of agency and APS capability
- quality and timeliness of the product, service or advice
- impacts on team culture and diversity.

Consider opportunities to work with universities, not-for-profit institutions, peak bodies or community controlled organisations, where they have relevant expertise.

Agencies and decision-makers must stay up-to-date and compliant with [Commonwealth Procurement Rules](#) (CPRs) and the principles of the *PGPA Act 2013* in using public money and assessing and achieving value for money.

#### **Principle 5: Maximise the benefits and minimise the risk of any external arrangements**

Core APS work should be delivered by APS employees. Where a labour hire contractor or consultant is procured for a core and enduring function due to extenuating circumstances (see Principle 4), the agency must also take steps to build the skills of APS staff, to avoid perpetuating capability gaps. The role and/or function must be transitioning to the APS over time, including transfer of knowledge, capabilities and models.

Risk mitigation approaches when procuring external expertise require good contract and supplier management. This also includes consideration and articulation of knowledge transfer requirements, managing access to sensitive information, and the conduct expected of personnel working on the project or service including upholding similar values and behaviours to those expected of APS employees in the APS Values.

#### **Principle 6: Apply merit when converting roles**

Where external roles are being converted to ongoing APS positions, the merit principle must be applied. Agencies need to refer to the APS Employment Principles in section 10A of the *Public Service Act 1999*.

External roles can be converted to non-ongoing positions where the need is short term.

## Principle 7: Monitoring and accountability

### Monitoring

Centralised data is key to improving our understanding of shifts in APS workforce composition. The Audit of Employment provides an initial benchmark of the APS' overarching progress in reducing reliance on consultants and labour hire. However agencies should collect data on their use of the external workforce and how it is reducing over time, to support central monitoring of the framework's impact.

Agencies must identify and capture data on what external labour is being used, the type of work involved and the reasons for outsourcing.

On an individual contract basis, it is important that arrangements are reviewed periodically. This is to ensure the use of the external workforce remains appropriate and efficient while ensuring it does not undermine the long term capability of the APS, in keeping with the policy intent of the framework.

### Accountability

Agency heads must set targets to reduce their agency's reliance on inappropriate outsourcing. These targets must be in place by June 2024, and should outline which parts of the agency's operations will be brought back in-house, how many roles will be affected and the anticipated reduction in expenditure. This timeframe allows for sufficient planning and linkages to corporate reporting and annual planning.

- Targets must be reported in each agency's corporate plan from 2024-25. Updates on progress against the targets should be reported in the agency's annual report. Information will also be reported in the APS Agency Survey.
- The APS Commissioner will provide an annual update to the Minister for the Public Service on progress, drawing on agency reporting.
- Progress will be published on the Australian Public Service Commission website.

## APPLYING THE PRINCIPLES

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The steps below outline how to apply the principles. This will be supported by a process map as part of the framework's resources toolkit. The steps are not 'gates' to stifle or delay your work - they are the considerations required to make appropriate decisions in keeping with the intent of the framework.

### Step 1: Define the capability you need

The starting point for resourcing a project, role or function is to identify the capability needed now and into the future. This relies on a clear understanding of the problem you are solving, the work to be done and the outcomes needed. You must also understand the depth of expertise and experience required and how long you need it. This approach needs to be built into policy development processes, particularly as part of the Budget cycle. This kind of scoping can be done quickly, particularly where foundation planning work already exists. Seek support from your corporate teams if required.

This approach must be applied:

- when there is a new position
- when the agency is looking to convert work done by the external workforce
- when emerging and existing priorities and/or projects need to be delivered
- as part of whole-of-agency workforce planning and
- periodically to existing policies, programs and unit-level workforce plans.

Agencies are encouraged to apply this approach when a role becomes vacant.

### Examples of core APS capabilities

Agencies need to be using and strengthening core APS capability. 'Core' means work essential to delivering the enduring functions of an agency, required on a regular and ongoing basis.

There are core functions that must be done by the APS and must not be outsourced to an external workforce. These include:

- developing cabinet submissions, once they are in a Cabinet classified environment
- drafting cabinet submission recommendations at any stage of policy development
- drafting legislation and regulation
- leading policy formulation
- roles that are on an agency's executive team.

Other core APS functions should be brought back in-house as a priority, noting arrangements may take time to adjust. These include:

- undertaking procurement and managing contracts
- undertaking standard [cost benefit analysis](#) (excluding major capital, infrastructure, complex IT and secure assets such as defence)
- delivering programs and managing grants.

In line with Principle 7, each agency must determine what it considers core work that should not be outsourced, building on the whole-of-APS list above. This should inform agency decisions about any work that should be brought back in-house and/or should not be outsourced in future.



## Step 2: Decide how to source the right capability

### Using APS capability

Each agency needs to be accessing and building its expertise, by directly employing people with the right skills and/or leveraging capability across the service. This includes:

- recruiting on an ongoing or non-ongoing basis
- considering recruiting from a broad range of locations to access a wider range of talent
- building employee capability through training and professional development
- promoting mobility of skilled staff across agencies to share and expand capability (for example: micro-assignments, temporary transfers or secondments)
- reengaging former public servants with relevant expertise
- using APS networks to access advice, resources and/or expertise, including through:
  - the Australian Government Consulting Specialist network
  - APS professions, centres of excellence, communities of practice
  - expertise in non-APS agencies such Corporate Commonwealth Entities

See the resources toolkit for practical steps and contact details.

### Engaging an external workforce

There are limited circumstances where an external workforce may be appropriate. The suitability of different types of external labour will depend on the nature of the work and contextual considerations (outlined below).

In any procurement, the agency must be confident conflicts of interest can be avoided or appropriately identified and managed.

When engaging the external workforce for core APS work, mechanisms must be in place to transfer knowledge, information and skills so there are enduring benefits to the APS.

All external workforce arrangements must be regularly reviewed to ensure they do not risk undermining the long term capability of the APS, that they are an efficient and cost effective use of resources and that compliance with CPRs is maintained.

When procuring external expertise, agencies must comply with the CPRs. Agencies should consider First Nations businesses in line with the Indigenous Procurement Policy, the Buy Australian Plan, and use of small to medium business in line with the CPRs.

**Procuring contractors or labour hire** is only appropriate if:

- APS recruitment processes have been unsuccessful or are unlikely to be successful (e.g. due to a competitive labour market) **or**
- there are genuine periods of high demand for staffing beyond what should be reasonably expected of an agency that are also unlikely to reoccur in future. APS employees should still be the first resort in this circumstance **or**
- there is a temporary need to backfill a vacancy to meet critical business needs, pending a recruitment process or while APS capability uplift is underway.

**Procuring consultants** is only appropriate if:

- there is a need for independent advice (for example, due to requirements in legislation or an assurance need) and it cannot be sourced from within the APS. This should be used on a one-off or limited basis **or**
- there is a temporary need for unique specialist, innovative, technical and in-demand skills, at a level that would be inefficient to retain internally (that is, there is not an enduring demand for the skill) **or**
- there is a genuinely urgent and/or unforeseen need for a skill or capability in an area that is an enduring function, and extra support is needed while capability building or recruitment processes are underway.

Before engaging a consultant, agencies should consider collaborative partnerships and networks, such as accessing expertise from Commonwealth entities, to provide access to a wider body of knowledge, perspective or technology.

Additionally, when engaging a consultant agencies should identify how the arrangement can be used to build the capability of APS staff and support knowledge/skills transfer for future use, and ensure these activities form part of the deliverables.

**Procuring outsourced service providers** is only appropriate if:

- the service provider is delivering a function that is not considered core APS business and where the service is more efficiently and cost effectively delivered by specialist service providers than by maintaining that capability in-house (for example, building cleaning, construction and security services, or delivering specialised services for Defence base personnel such as health services).

Grant recipients and third party program providers are not considered Outsourced Service Providers and are not covered by this framework.

### **Step 3: Access 'how to' guidance on the chosen approach**

The framework helps agencies and employees access guidance on how to access capability based on their chosen approach. A resource toolkit will be available shortly and will link to existing and emerging resources on:

- scoping your workforce requirements
- recruitment
- drawing on expertise across the APS
- procuring external support
- obtaining value from external arrangements
- managing contracts
- capability up-lift including knowledge transfer
- reporting.

## DEFINITIONS

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The following definitions are drawn from the Department of Finance, largely from the Audit of Employment<sup>3</sup>.

### **External workforce**

For the purposes of this framework, the external workforce includes workers providing a service or conducting work for an APS agency where there is no direct employment relationship between the worker and that APS agency. The worker is not an APS employee engaged under the *Public Service Act 1999*. The external workforce captured by the framework includes workers procured through labour hire, contracting and consulting arrangements.

### **Labour hire:**

- Labour hire is a “triangular employment arrangement” where a government entity procures a labour hire company to provide a worker to undertake a temporary role which is often generalist in nature.
  - There is no direct employment contract between the government entity and the individual employee. The labour hire company contracts the worker to provide that labour and is responsible for paying the worker.
- The output is generally regarded a Commonwealth product and is produced under the supervision of the Commonwealth entity.

### **Contractors (also known as ‘Professional Contractors’):**

- Individuals, sole traders or service providers procured by a government entity to perform a specialised role for a short and fixed-term.
- A contractor will generally hold requisite qualifications and licenses in their chosen field of work, and bring relevant industry experience to the role.
- Use of contractors is for short term arrangements involving a one-off or irregular tasks.
- The output is generally regarded a Commonwealth product and services are performed under the direction and supervision of the Commonwealth entity.

### **Consultants:**

- Individuals, partnerships or corporations procured by a government entity to provide professional or expert services or independent advice as part of a one-off or irregular task to support entity decision-making.
- The output reflects the independent view or findings of the consultancy or consultant, and the output may not belong to the contracting entity unless specifically required under the contract.
  - Consultants generally operate under a lower level of direction and control, and the output may not belong to the entity.

### **Outsourced service providers:**

- External services procured via commercial arrangement to deliver a function of Government to, or on behalf of, an entity.

### **Temporary arrangements:**

An appropriate length of arrangements of an external worker may depend on the complexity of the project or contract. According to the Department of Finance Contract Management guide, transactional or routine contracts usually extend for short periods (a few days to a couple of months), while complex and strategic contracts may extend from a few months to several years.

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<sup>3</sup> Note: external workforce definitions are based on the Department of Finance, *Contract Characteristics*, Audit of Employment definitions, and People Panel definition of Labour Hire.

**APS employment arrangements**

**Ongoing APS employee:**

A person engaged as an ongoing APS employee, employed as paragraph 22(2) (a) of the Public Service Act 1999.

**Non-ongoing APS employee:**

A person engaged as a non-ongoing APS employee, for specified term or for the duration of a specified task. Non-ongoing employee is employed as paragraph 22(2)(b)(c) of the *Public Service Act 1999*.

**Temporary transfer:**

An ongoing APS employee who is temporarily transferred under S26 of the *Public Service Act 1999*. The employee retains their ongoing employment status with the substantive agency, however becomes temporarily employed by the gaining agency.

**Conversion:**

Conversion of external labour occurs when a position or role that is currently being, or would normally be, performed by external labour becomes an APS position or role, resulting in creation of a new APS position where the position would be paid through payroll.

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