



EXECUTIVE COMMITTEE

2025–26 TARGET SETTING FOR THE APS STRATEGIC COMMISSIONING FRAMEWORK

Date of Meeting: 17 June 2024

Agenda Item No.: [Agenda item number]

Branch/Division: People Branch, People, Communication &
Parliamentary Division

Sponsor: Charles Wann

OUTCOME

The Executive Committee to:

- **NOTE** the department's tracking against 2024-25 targets to reduce outsourcing of core work.
- **ENDORSE** targets for reducing core work outsourcing in 2025-26.

BACKGROUND

In July 2024, this Committee noted the department's approach to implementing the APS Strategic Commissioning Framework (Framework) and endorsed targets for reducing core work outsourcing in 2024–25. In September 2025, the department must report progress against these targets and any new procurements of core work (**Attachment A**). The department must also identify and report its core work and targets for 2025–26 (**Attachment B**).

ISSUE

Progress against our 2024–25 targets

In March 2025, this Committee received an early indication of progress relating to our outsourcing targets. Ahead of final reporting to the APSC, an exercise to validate external workforce status and information was conducted which should be maintained by hiring managers. This information has been updated and based on this, the external workforce engaged to do core work is **greater** than in 2023–24, with an increased headcount of s47D, s47E(c) s47D, s47E(c). Consequently, we will be reporting that the department did not meet its overall reductions target of **\$8,948,250** for 2024–25, this reporting detail is at **Attachment A**.

The department continues to proactively work towards converting our contractor workforce to APS where it makes sense to do so. There have been 44 contractor conversions to APS this financial year, of those, 16 were converted to roles that deliver core work.

Proposed 2025–26 Targets and Core Work

For 2025–26, it is proposed that the agency targets continue to focus on reducing outsourcing of support roles and identified APS-wide core work, with a significantly reduced target as shown in the table below. **Attachment B** also details these targets by each job role and explains the differentiation in target sizes.

2024-25 reduction target	2025-26 reduction target
\$8,948,250	\$1,921,395
s47D, s47E(c)	

This proposal is based on:

- A review of initial implementation outcomes to better align targets with delivery capacity.
- Consultation with the APSC and other agencies on target-setting approaches and identified core work
- Labour market analysis to ensure targets reflect candidate availability
- Evidence of successful APS recruitment into roles
- Assessment of procurements used for temporary backfilling and high-demand roles
- Alignment with the departments Workforce Strategy and APS-wide core functions



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Target job roles for 2025-26	Rationale to bring in-house
Administrative support officer	Lower expertise, skill and/or qualification requirements. Labour market trends and availability.
Contract management officer	Core APS function that should be brought back in-house as a priority
Customer support officer	Lower expertise, skill and/or qualification requirements
Grants manager	Core APS function that should be brought back in-house as a priority
Policy analyst	Core APS function that should be brought back in-house as a priority Agency-identified critical role or capability. Labour market trends and availability.
Policy officer	Core APS function that should be brought back in-house as a priority Agency-identified critical role or capability. Labour market trends and availability.
Procurement officer	Core APS function that should be brought back in-house as a priority
Program delivery officer	Core APS function that should be brought back in-house as a priority Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Program support officer*	Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Project support officer *	Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Regulation officer	Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Specialist advisor	Core APS function that should be brought back in-house as a priority
Stakeholder/relationship manager officer	Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.

*Program Support Officer and Project Support Officers in ICT/digital projects are exempt from reduction targets.

Next steps for Framework implementation

Despite successful APS recruitment processes for core work over the last 18 months, with 96.5% of APS positions for core work having been successfully filled through recruitment processes, many business areas are still opting to outsource work in the first instance. To support the implementation of the Framework by 1 July, we will:

1. Support divisions in developing tailored strategies to build and retain critical in-house skills.
2. Communicate endorsed targets and educate decision-makers on applying Framework principles to external engagements including instances where procuring a contractor for core work is appropriate.

CONSULTATION

The APSC and other agencies were consulted regarding reporting trends, core work and target setting for 2025–26 to ensure our proposed targets and approach were comparable and consistent. Following consultation with the People Committee, we further reduced the targets to ensure they are achievable, acknowledging the department's broader efforts to convert contractors to ASL.

ATTACHMENTS

Attachment A – 2024–25 Core Work Targets and New Procurements

Attachment B – 2025–26 Proposed Core Work Targets

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IMPLEMENTATION OF THE APS STRATEGIC COMMISSIONING FRAMEWORK

Date of Meeting: 2 July 2024

Agenda Item No.: [Agenda item number]

Branch/Division: People Branch, People, Communication & Parliamentary Division

Sponsor: Charles Wann

OUTCOME

The Executive Committee to:

- **ENDORSE** the recommended proposed targets for 2024-25 to bring identified core work in-house.
- **NOTE** the department's approach to implementing the APS Strategic Commissioning Framework including reporting requirements.

ISSUE

The APS Strategic Commissioning Framework (the Framework) supports the Government's commitment to reducing APS agency reliance on external workforces. The Framework requires APS agencies to self-identify core work which must not be outsourced to an external workforce (except in limited circumstances) and informs circumstances where outsourcing non-core work and core-enabling work may be appropriate. Agency Heads are required to set meaningful targets to bring core work in-house each year from 2024-25. Guidance is provided in **Attachment A**.

Defining our 'core' work and proposed targets for 2024-25

The APSC defines 'core' work as work that is essential to delivering the enduring functions of an agency, required on a regular and ongoing basis. This guidance informed our approach to identifying core and non-core work through the Division-level operational workforce planning process (template is available at **Attachment D**). This approach was also supported by the critical roles and skills identified in our *Workforce Strategy Implementation Plan 2023-2024*. Our approach and findings are detailed at **Attachment B**.

For 2024-25, it is proposed that the agency targets focus primarily on reducing outsourcing of support roles and identified APS-wide core work. The proposed job roles to target are below:

Job Roles	Job Families						
	Accounting & Finance	Administration	Communication & Marketing	Compliance & Regulation	Policy	Portfolio, Program and Project Management	Service Delivery
	Contract Management Officer	Administrative Support Officer	Stakeholder / Relationship Management Officer or Manager	Regulation Officer	Policy Analyst	Project Support Officer	Grants Manager
	Procurement Officer				Policy Officer	Program Support Officer	Customer Support Officer
							Specialist Advisor

These targets would reduce our external workforce by s47D, s47E(c) with an expected supplier expenditure reduction of approximately **\$8,948,250**. Further detail on these recommendations, including specific numbers for reductions in these roles, is also at **Attachment B**.



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This target sets an achievable reduction goal for core APS functions that should be brought in-house as a priority and would meet the APSC's requirement of ambitious, meaningful, and realistic targets while limiting the impact on business continuity. Additionally, the majority of these roles do not require high levels of expertise or significant time to operationalise compared to other roles and should therefore present fewer barriers for APS recruitment. Furthermore, data from the Jobs and Skills Australia's Skills Priority List indicates no national shortage across the majority of targeted job roles, which will support recruitment efforts.

The agency's overall reduction will also leverage ongoing work across the department to convert outsourced roles into APS ongoing/non-ongoing employment, non-renewal of any contractors after 30 June 2024, and the ceasing of any projects in 2024-25. The significant efforts to reduce and convert the external workforce in recent years are not eligible for inclusion in our targets or anticipated reductions, but will be included in our first year reporting to acknowledge our progress.

Next steps

Attachment C provides a summary of the Framework's implementation milestones and progress. Targets for 2024-25 must be summarised in the department's Corporate Plan (August) and our response to the APS Agency Survey (July). An implementation action plan is in development, and a corporate working group will be established to implement and embed the Framework's principles into the department's strategies and processes, prioritising the following:

- Communication with staff of endorsed targets for the department to educate decision-makers so they are equipped to apply and adhere to the principles of the Framework when procuring external arrangements.
- Establishing monitoring arrangements including improving external workforce reporting to enable a reliable data source. Capturing this information in SAP will allow connection to relevant contract and spend data.
- Identify internal drivers for using an external workforce to inform the development of tailored workforce strategies.

Consultation

Consultation with the APSC and other agencies was undertaken to ensure our proposed targets and approach were comparable and consistent, whilst also being realistic about what we can achieve in the initial 12 months.

All Division heads were consulted, most identified their divisional non-core work and defined the work undertaken by their external workforce. This consultation, in conjunction with other workforce data, has informed our proposed targets for core work to bring in-house in 2024-25. Strategic procurement and finance have provided advice into the development of this analysis to ensure a smooth and joined-up approach to implementation of the Framework's principles into the department's processes and systems.

People Reference Group (PRG) feedback addressed the need for using contractors for time-limited work/funding and the ability to use an external workforce to manage fluctuating demands. APSC guidance addresses using external support in limited circumstances at **Attachment A**.

ATTACHMENT/S

Attachment A – SCF guidance information

Attachment B – Agency's core work and targets

Attachment C – SCF implementation tracker

Attachment D – Operational workforce planning template

2024–25 Strategic Commissioning Framework: Core Work Targets and New Procurements

The APS Strategic Commissioning Framework supports the Government's commitment to reducing APS agency reliance on external workforces. To achieve the Framework's intent, the department is required to identify core work and non-core work and set meaningful targets to bring core work in-house each year from 2024–25.

In 2024–25, the department aimed to reduce outsourcing of core work by approximately \$8,948,250, which would correspond with an approximate external workforce reduction of s47D, s47E(c) from the headcount reported in May 2024.

The department is required to report the extent to which each target was met, explanations for not meeting targets, and information on new procurements for core work.

REPORTING ANTICIPATED REDUCTIONS IN OUTSOURCING OF CORE WORK IN 2024-25

ACTUAL REDUCTIONS IN SUPPLIER EXPENDITURE IN 2024–25 (\$ excl GST)					JUSTIFICATION FOR NEW PROCUREMENTS IN 2024–25 (% for each role)			
Core work	Job roles	Change in headcount from May 2024 to 11 March 2025	Actual reduction (cannot be less than zero)	OUTCOME Based on \$ reductions, target will be categorised as: Exceeded, fully met (100%), substantially met (61-99%), partially met (16-60%), not met (0-15%).	Temp. backfill of critical gap	Temp. high staffing demand	Unsuccessful APS recruitment	Incomplete*/ Non-core work#
Delivering programs	Specialist Advisor	s47D, s47E(c)		33% - Partially met	-	-	-	100%
Leading policy formulation	Policy Officer; Policy Analyst	+4	-	Not met	44%	50%	6%	-
Managing grants	Grants Manager	s47D, s47E(c)		200% - Exceeded	-	100%	-	-
Project and program support	Program Support Officer; Project Support Officer	+34	-	Not met	13%	22%	6%	59%
Regulatory compliance	Regulation Officer	+4	-	Not met	83%	-	17%	-
Stakeholder/relationship management	Stakeholder/Relationship Management Officer or Manager	-	-	Not met	50%	-	50%	-
Support	Administrative Support Officer; Customer Support Officer	+11	-	Not met	21%	58%	21%	-
Undertaking procurement and managing contracts	Contract Management Officer; Procurement Officer	s47D, s47E(c)		20% - Partially met	55%	9%	36%	-
TOTAL		+40	-	Not met	25%	45%	12%	18%

*'Non-core work' was incorrectly allowed for the 'program support officer' role in the system.

#Two 'specialist advisor' roles were missing justification information.

Guidance: Core and non-core work

Defining an agency's core work

- Core work must not be outsourced to an external workforce. Considerations for defining core work include:
 - integrity and managing risk/conflict of interest
 - addressing internal capability gaps to meet future needs
 - legislated responsibilities, enduring functions, expected focus of future work
 - stability and business continuity.
- Agencies can describe core work as particular tasks, functions and/or job roles – whatever is most meaningful for their agency.

APS-wide core work

- APS-wide, there are core tasks and functions that must be done by the APS and must not be outsourced to an external workforce:
 - 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:
 - undertaking procurement and managing contracts
 - undertaking standard cost benefit analysis- external site (excluding major capital, infrastructure, complex IT and secure assets such as defence)
 - delivering programs and managing grants.

Guidance: Outsourcing (in limited circumstances)

Outsourcing core work to contractors/labour hire

For core work, use of contractors/labour hire is only appropriate if at least one of the following is true:

1. **APS recruitment processes have been unsuccessful or are unlikely to be successful** (e.g. due to a competitive labour market and skills shortages). This may apply, for instance, if a current or recent recruitment round has not attracted suitable candidates for a similar vacancy.
2. 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.
3. 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.

Outsourcing core work to consultants

For core work, use of consultants is only appropriate if at least one of the following is true:

1. There is a **need for independent research or assessment** (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.
2. There is a **temporary need for specialised or professional skills, at a level that would be inefficient to retain internally**. That is, there is not an enduring demand for the skill.
3. 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.

Outsourcing work to other service providers

Procurement outsourced service providers is only appropriate if:

1. 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.

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Guidance: Setting targets

Setting targets

- Targets are deliberately devolved to agencies to ensure targets are fit for purpose and based on agency-specific knowledge of:
 - the core work that should not be outsourced
 - how quickly change can happen without creating delivery risks or impacting agency obligations under the *PGPA Act 2013*
 - the changes that will deliver the highest material impact in the coming financial year, based on a strong and defensible rationale.
- Agencies have discretion in the number of targets set, any phasing of targets, and how they calculate the estimated reduction in supplier expenditure.

Target requirements

- Targets will specify
 - the relevant job family
 - the type of work planned to bring back in house in the coming financial year (can be a description of key tasks, functions or job roles)
 - why this change is being prioritised (e.g. risk/integrity/priority capability)
 - expected reductions in supplier expenditure (\$) broken down by type of external labour (labour hire, contractor, consultant, outsourced service provider) and corresponding reduction in external positions, if possible.
- Agencies will summarise their targets in their Corporate Plan, starting from 2024-25.
- Agency must document their methodology to estimate reductions and replicate this approach when assessing actual reductions at end of financial year.

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Guidance: Tracking and reporting progress

Reporting on procurements for core work

- From 1 July 2024, any new procurement for core work must:
 - keep a written record of the type of work, job family, outsourcing reason and the dollar value
 - ensure the contract scope includes a requirement for the supplier to transfer relevant knowledge and skills to the APS
 - document the steps to bring the core work back in-house in a reasonable timeframe.
- The department will be required to report on any new procurement for core work in the previous financial year. Reports will include the information listed above.

Monitoring progress

- The department will report its core work and targets through the APS Agency Survey in July 2024.
 - In the second half of 2025, the APSC will collect data on progress against their 2024-25 targets, including:
 - whether each target was met
 - actual reductions in supplier expenditure
 - an explanation for any targets partially met or not met.
- A summary of progress against targets should be reported in the department's annual report.
- The APSC will monitor progress and will annually report to the Minister for the Public Service.
 - The APSC has noted that changes will be required to embed the Framework and establish monitoring arrangements within agencies, and there will likely be limitations about the information agencies can provide in the first year.

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Attachment B

2025–26 Proposed Core Work Targets

Job Role	Core Work	Total contractor and labour hire workforce in 2024–25	Total expenditure in 2024–25	Proposed reduction	Anticipated reduction in supplier expenditure	Approximate FTE reduction†
Administrative Support Officer	Support	s47D, s47E(c)		5%	s47D, s47E(c)	
Contract Management Officer*	Undertaking procurement and managing contracts			5%		
Customer Support Officer	Support			10%		
Grants Manager	Managing grants			10%		
Policy Analyst	Leading policy formulation			10%		
Policy Officer	Leading policy formulation			10%		
Procurement Officer	Undertaking procurement and managing contracts			10%		
Program Delivery Officer	Delivering programs			10%		
Program Support Officer^	Project and program support			5%		
Project Support Officer^	Project and program support			5%		
Regulation Officer	Regulatory compliance			10%		
Specialist Advisor	Delivering programs			10%		
Stakeholder/Relationship Management Officer or Manager	Stakeholder/relationship management			5%		
TOTAL				7.8%		

Factors contributing to reduction targets:

- 5% reduction target baseline for all core work.
- Targets increased by 5% for core work that is identified APS-wide core work.
- Consultancy contracts were not included in the targets due to differences in classifying the work/role.

Core Work	
APS identified core work *core APS function that should be brought in-house as a priority	DoHDA identified core work

^ Program Support Officers and Project Support Officers in ICT/digital projects are exempt from the targets.

†Based off average cost of contracts by job role in 2024-25.

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Approach to defining our core work

Our approach

- The Framework requires agencies to report their core work by job family and the particular tasks, functions and/or job roles underneath them.
- The APSC has expressed an understanding that information may be limited for 2024-25 as agencies adjust their policies, processes and systems, and has recommended a 'common sense approach' to ensure achievable progress and minimise impacts to delivery.
- The APSC also expects that an agency's core work may change over time and should be refreshed annually.
- The department consulted the APSC and multiple APS agencies to develop our approach to defining our core work, tailored to our workforce data records and reporting capability.
- Our core work identification was informed by the following:
 - Consultation with Divisions through operational workforce planning to identify their core work and non-core work.
 - Our agency's critical roles and capabilities, identified in the *Workforce Strategy Implementation Plan 2023-24*.
 - APS-wide core work, identified by the APSC.
 - Other agency approaches.
- Divisions also assisted with identifying the work currently outsourced to external workforce as this data is not currently captured. This was used to assess which outsourced work could be considered 'core' or 'non-core' for the purpose of setting our 2024-25 targets.

Data limitations

There are some limitations in the completeness of our external data. The department's current process for recording external workforce data in our HR and procurement reporting systems does not enable a centralised analysis of specific work (job family information) or expenditure (including the accurate differentiation of whether departmental or administered funding was used) on specific work or external workforce. Therefore, the analysis only referred to the 'validated' data (84% of total external workforce) which has been confirmed with divisions.

Our core and non-core work: 2024-25

- Our findings indicate there is core work across all job families within the department; however, more data is required to define the particular tasks, functions and/or job roles.
- Based on APSC guidance and consultation with other agencies, our core work for this reporting period includes identified APS-wide core work and some of our agency's critical roles and capabilities.
- We will consult Divisions to further define our core work in the coming year.

Table 1: Our core and non-core work

Non-core work (agency)	Core work to bring in-house in 2024-25
Ad-hoc change management advice	Developing cabinet submissions, once they are in a Cabinet classified environment
Ad-hoc corporate-related functions	Drafting cabinet submission recommendations at any stage of policy development
Ad-hoc specialist legal and medical advice	Drafting legislation and regulation
Independent advice on business, systems and programs	Leading policy formulation
Ad-hoc technical training delivery	Roles that are on an agency's executive team
	Undertaking procurement and managing contracts
	Delivering programs and managing grants.
	Stakeholder/relationship management
	Project and program support
	Regulatory compliance

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Approach to setting targets to reduce outsourcing

Approach to target size and job roles

- Our target figure has been informed by the Federal Budget 2024-25 Paper No.4, Part 2 (Staffing of Agencies), in which our portfolio is estimated to convert the equivalent of 326 ASL in 2024-25.
- The budgeted conversion will need to be driven primarily by our department due to its size relative to our portfolio entities.
- Considerations for determining proposed roles to bring in-house in 2024-25 included:
 - Identified APS-wide core tasks and functions.
 - Agency-identified critical roles and capabilities
 - Size of current outsourcing.
 - Expertise, skill and/or qualification requirements.
 - Impact of loss of corporate and functional knowledge.
 - Labour market trends and availability.

Approach to determining external workforce expenditure reduction

- Our procurement reporting system does not enable the identification of expenditure against specific work (job family/role information) or actual names, limiting our ability to project expenditure reduction by job roles.

s47D, s47E(c)

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Our proposed targets

Job Family	Job Role	Total external workforce	*Proposed reduction in external workforce	Average tenure (years)	Sum of tenure [proposed reduction] (years)	^Anticipated reduction in supplier expenditure	Rationale
Accounting & Finance	Contract Management Officer	s47D, s47E(c)		s22		s47D, s47E(c)	Identified APS-wide core tasks and functions. Agency-identified critical role or capability.
Accounting & Finance	Procurement Officer						Identified APS-wide core tasks and functions. Agency-identified critical role or capability. Labour market trends and availability.
Administration	Administrative Support Officer						Lower expertise, skill and/or qualification requirements. Labour market trends and availability.
Communications & Marketing	Stakeholder/Relationship Management Officer Or Manager						Agency-identified critical role or capability. Impact of loss of corporate and functional knowledge. Labour market trends and availability.
Compliance & Regulation	Regulation Officer						Agency-identified critical role or capability. Labour market trends and availability.
Policy	Policy Analyst						Identified APS-wide core tasks and functions. Agency-identified critical role or capability. Labour market trends and availability.
Policy	Policy Officer						Identified APS-wide core tasks and functions. Agency-identified critical role or capability. Labour market trends and availability.
Portfolio, Program And Project Management	Project Support Officer						Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Portfolio, Program And Project Management	Program Support Officer						Agency-identified critical role or capability. Lower expertise, skill and/or qualification requirements.
Service Delivery	Customer Support Officer						Size of current outsourcing. Lower expertise, skill and/or qualification requirements.
Service Delivery	Grants Manager						Identified APS-wide core tasks and functions. Size of current outsourcing.
Service Delivery	Specialist Advisor						Identified APS-wide core tasks and functions. Labour market trends and availability.
*Proposed that reductions are approximately 50% of contractor/labour hire							
s47D							

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