



Consultation paper

Consultation paper 1

A new proposed standing offer arrangement for the supply of contingent workers to Queensland Government

March 2019





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Consultation process

Request for feedback and comments

The objective of this consultation paper is to invite comment on a new standing offer arrangement for the supply of contingent workers to the Queensland Government.

Please note the views expressed in this paper are not government policy. They are being proposed for the purpose of consultation, to foster discussion and stimulate new ideas and suggestions to improve the way the Queensland Government engages contingent workers.

This consultation paper is not intended for wider distribution and consultation is being conducted in good faith. Please return your response to your industry or professional body.



Introduction

The nature of work, workers and workforce are changing at an unprecedented rate and contingent workers form a key part of a blended public-sector workforce.

The industry that supplies contingent workers is crucial to our success as a sector.

The Queensland Government is committed to consulting with industry representatives, suppliers and customers to deliver a simple, informed and efficient procurement model for contingent workforce, that delivers value for everyone.

A key part of this model is designing an arrangement (contract) for the supply of contingent workers that will meet workforce needs into the future, this consultation paper has been developed to support further consideration of the structure of this arrangement.

Definition – contingent workforce

For the purposes of this arrangement, temporary and contracted workers (Contingent Workers) are being defined as those contractually engaged by a Queensland Government department or agency through a **supplier arrangement**, for a **pre-defined period of time**, whereby **line management and direction** of the worker is provided by the government **agency**.

Contingent workers not considered within the scope of the proposed new whole of Government SOA are:

- medical professionals, where engaged through purchasing arrangements
- apprentices.

Contingent workers are not:

- professional services (where the supplier, rather than an individual) is accountable for the contracted outcome
- consultants
- workers on government payroll in a casual or temporary capacity
- volunteers.



Current state

Across the Queensland Government, contingent workers are engaged through a range of procurement methods under varying terms and conditions. Standing Offer Arrangements (SOAs) for the supply of contingent workers currently exist for:

- office-based staff
- ICT contingent labour
- integrated contact centre staff
- sport and outdoor recreation labour
- light industrial labour.

These SOAs:

- do not have a single set of terms and conditions;
- do not cover all types of contingent workers engaged by Queensland Government; and/or
- do not always meet customer (government departments) needs.

This means government agencies engage contingent workers using multiple procurement methods.

It is also recognised that current standing offer arrangements (for the supply of contingent workers) can lock out suppliers of contingent workers for long periods of time. This can limit the ability for new suppliers entering the market to provide contingent workers to government. As an industry that is continuously growing and evolving, we believe a more flexible procurement model is needed for this service.

Category vision



Category Vision

Flexible model for procuring and managing the Queensland Government contingent workforce that is future focussed, reduces risk and enables informed decision making

The contingent workforce category vision will be delivered through:

- a consistent approach to the procurement of all contingent workers;
- establishing a model that will provide access to the right talent at the right time;
- driving performance and enabling informed decision making through improved availability of information; and
- a future-focused model that will continue to deliver value for money.



Queensland Procurement Policy

The Queensland Government Procurement Strategy and Queensland Procurement Policy (QPP) establish a framework to maximise the benefits that can be delivered through government procurement activities. A new procurement model for contingent workforce provides an opportunity to embed the principles of the QPP into the category to support government's objectives to:

- help Queenslanders prosper
- make it easier for local business, and
- create and sustain real value in order to achieve positive economic, social and environmental outcomes across the state.

Parliamentary Inquiry into Wage Theft in Queensland

The Queensland Government is committed to the eradication of wage theft and ensuring workers in Queensland are fairly paid. The Education, Employment and Small Business committee inquiry into wage theft in Queensland made [17 recommendations](#) all of which have been accepted, or accepted in principle by government. The new procurement model for contingent workers will support all initiatives, policies and regulatory changes introduced to promote the elimination of wage theft. The new procurement model will incorporate provisions that allow for appropriate and proportionate action to be taken against companies that have underpaid workers.



Proposed Standing Offer Arrangement (SOA)

Proposed SOA structure

To achieve our category vision, a single SOA (panel) for the engagement of all contingent workers is being considered.

By collaborating with industry, our aim is to design a model that allows flexibility and supports industry engagement with government, while still delivering value for money for the public dollar.

The following is being considered:

- a single SOA with underpinning categories to cater for all types of contingent workers;
- pre-qualified suppliers that meet specific key requirements and standards for acceptance onto the panel;
- uncapped number of suppliers on the panel;
- regular refreshes of the panel to add and remove suppliers (frequency to be determined);
- a capped supplier margin that is viable for industry but also ensures value for the public dollar;
- standardised terms and conditions for consistency and ease of use; and
- reduced red tape and duplication.

These points are discussed in the following proposals.

Proposal 1: A single SOA for all categories of contingent workers

The Queensland Government engages contingent workers in a variety of categories and specialisations.

It is recognised that some suppliers of contingent workers only provide specialist area services and others may supply across multiple categories.

To bring all types of contingent workforce roles under a single arrangement, these need to be categorised in a way that:

- is reflective of the industry,
- supplier specialisations, and
- enables hiring managers to make efficient and informed decisions on which suppliers to approach for their needs.

We are considering several categorisation models of role types for the future SOA, including the frameworks below.

- [Australian Public Service Job Family Model](#)
- [Australian and New Zealand Standard Classification of Occupations \(ANZSCO\)](#)
- [Australian and New Zealand Standard Industrial Classification \(ANZSIC\)](#)
- [United Nations Standard Products and Services Code \(UNSPC\)](#)
- [Skills Framework for the Information Age \(SFIA\)](#)

We want a structure that allows suppliers to easily nominate for categories but is also logical for government agencies to make informed decisions.



Supplier selection of specialisations

We propose that within each overarching category there are several sub-categories and specialisations (groups of roles) for which government agencies may engage contingent workers.

Table 1: Example categorisation of sub-categories and specialisations

Category	Sub-Category	Specialisation
Information Communication Technology	Business Change	Business Process Analyst/Designer
		ICT Program and Project Support
		Program and Project Manager
	IT Business Management	ICT Quality Assurance Engineering
		Procurement and Vendor Relations
		Strategic Leadership
		Databases and Data Administration
	Service Delivery	ICT Infrastructure and Facilities
		ICT Security
		Information/Knowledge Management
		Networks and Telecommunications
		Service Management
		Systems Administration

Suppliers would nominate the categories, sub-categories and if they wish, specialisations, in which they are able to provide contingent workers within the Invitation to Offer (ITO).

Given the generalist nature of some suppliers of contingent workers, this could result in an overwhelming number of suppliers nominating for a specialisation.

Therefore, under this model, it is proposed suppliers of contingent workers nominate a maximum number of sub-categories. For suppliers that are truly generalist, an option would be available to nominate as a generalist. This approach would make it easier for customers to determine which suppliers to approach for a specific categories, sub-categories and specialisations.

During the SOA it is anticipated that:

- suppliers may amend their nominated sub-categories but would still be subject to the maximum number selection
- there will be no limit on specialisations within a sub category
- the sub-categories would not prohibit a supplier providing contingent workers for sub-categories they have not nominated for within their chosen category/s as they are intended to inform of specialisations
- the list of sub-categories and specialisations will not be restrictive and will be adapted to emerging roles and workforce requirements as necessary
- supplier nominated sub-categories will provide an avenue for assessment of performance in providing workers within their selected areas of service
- suppliers who regularly fail to fill roles within their sub-categories, may be suspended from providing services in those sub-categories.

Approach to market

It is recognised that many suppliers offer contingent workers across several categories. Consideration has been given to approaching the market in stages by category and releasing the new SOA in tranches as the evaluation of each category concludes.



However, to reduce duplication wherever possible, it is proposed that the market be approached through a single Invitation to Offer (ITO) and evaluation and award process. This would mean that suppliers would only be required to respond to the ITO once, for all their nominated supply categories.

Table 2: Expected benefits and potential impacts of Proposal 1 – A single SOA for all categories of Contingent Workers

Expected Benefits	Potential Impacts
<ul style="list-style-type: none"> • A consistent approach to the procurement of all contingent workers • A single tender process for the supply of all types of contingent workers • Suppliers not locked out of the market for extended periods of time • Informed decision making for customers • A model that is future focused and has the flexibility to accommodate emerging workforce requirements 	<ul style="list-style-type: none"> • This approach has the potential to result in a significantly large panel of suppliers • Generalist suppliers may need to consider their specialist areas to target • Potential extended timeframes for evaluation and award of the panel

Proposal 1 – Invitation to Comment

People are invited to provide suggestions and comment on:

- 1.1 How should the different types of roles be categorised? (to reflect the industry and supplier specialisations)
 - 1.1.1 how will this categorisation help hiring managers make efficient and informed decisions?
 - 1.1.2 are there other frameworks that could be considered?
- 1.2 What is the maximum number of sub-categories a supplier should nominate for? (so customers can easily find the right suppliers at the right time and a fair opportunity exists for suppliers of that specialisation)
- 1.3 Which approach to market is preferred:
 - a single release ITO? or
 - released in tranches based on category.



Proposal 2: Initial qualification measures and standards

The SOA will require high quality service delivery and align to existing standards within the industry. It is proposed quality benchmarks be set to accept suppliers on the panel.

Quality Measures

Labour Hire Licensing Act

The Queensland [Labour Hire Licensing Act 2017](#) (*the Act*) commenced on 16 April 2018, supported by the [Labour Hire Licensing Regulation 2018](#) (*the Regulation*). The Act establishes a mandatory labour hire licensing scheme to protect labour hire workers from exploitation and promotes the integrity of the labour hire industry. The services delivered under the proposed SOA have been determined to be labour hire services for the purposes of the Act. For a labour hire business to be granted and maintain their licence under the Act they must:

- satisfy a fit and proper person test to establish that they are capable of providing labour hire services in compliance with all relevant laws
- be financially viable
- provide six monthly reports on labour hire and associated activities including accommodation, and in relation to compliance with relevant laws.

It is proposed that holding a licence under the Act will be a quality benchmark for acceptance and remaining on the SOA. Where a supplier claims to fall within an exempt category under the Act, additional information will be sought through the ITO process to assess suppliers against the quality considerations of the Act.

Candidate Care

The Queensland Government is committed to ensuring that all workers are treated fairly and are appropriately cared for by a supplier. Elements of this include:

- Fair treatment — in accordance with all Laws and relevant industry code of practice or conduct.
- Pastoral care — in support of mental and physical wellbeing of candidates.

It is proposed this be a quality benchmark for acceptance and remaining on the SOA.

Membership of a relevant industry body

The Queensland Government is committed to supporting the integrity of the industry. It is proposed suppliers of contingent workers must be a member of an applicable industry or professional association with a code of practice relevant to the supply of contingent workers.

Backing Queensland Jobs

The Queensland Government is committed to maximising benefits for Queenslanders by using procurement to support local businesses and jobs, and those that have quality, safe workplaces in line with [Buy Queensland](#) best practice principles.

As an industry that regularly supplies services across state borders without having an established local presence we are interested in suppliers' feedback on what qualification measure we should apply to satisfy government's commitment to [Backing Queensland Jobs](#) and [Buy Queensland](#).

Supplier Code of Conduct

Queensland government wants to do business with ethically, environmentally and socially responsible suppliers. Suppliers on the arrangement will be expected to comply with the [Queensland Government Supplier Code of Conduct](#).



Table 3: Expected benefits and potential impacts of Proposal 2 — Supplier initial Qualification Measures and Standards

Expected Benefits	Potential Impacts
<ul style="list-style-type: none"> • A reduction in red tape and duplication for suppliers licenced under the <i>Labour Hire Licensing Act 2017</i>. • Best practice candidate care for contingent workers by their suppliers • An SOA that supports the government's commitment to Backing Queensland Jobs and quality, safe workplaces. 	<ul style="list-style-type: none"> • Cost to suppliers for industry body membership.

Proposal 2 – Invitation to Comment

People are invited to provide suggestions and comment on:

- 2.1 Candidate care
 - 2.1.1 what might be measured?
 - 2.1.2 how will this be measured?
- 2.2 If membership of a relevant Australian Industry or Professional Association with a Code of Conduct or Practice is a compulsory quality measure, please outline any barriers you would see to meet this?
- 2.3 What minimum requirements should suppliers have to meet to support government's commitment to Backing Queensland Jobs and Buy Queensland?
 - 2.3.1 should a Queensland presence be required?
 - 2.3.2 if so, what should be considered in having an established local presence?
- 2.4 How do we measure a suppliers ability to meet the Quality, Safe Workplace requirement in line with [Buy Queensland](#) best practice principles?
- 2.5 Please outline any other quality measures suppliers should be required to meet to be a panel supplier?



Proposal 3: Ongoing performance measures and standards

It is not currently proposed the SOA will limit the number of suppliers accepted on the panel. To remain on the panel however, suppliers will need to continually meet the minimum qualification measures and meet minimum ongoing performance measures.

Key Performance Indicators

To monitor performance, support customer decision making and support supplier business development strategies throughout the life of the SOA, the following KPIs are being considered.

Table 4: KPIs being considered for inclusion in the proposed future SOA

KPI	What is being measured	Why
Responsiveness	The supplier must, when able, respond to requests for candidates in a timely manner.	To ensure suppliers on the panel are remaining active, where provided the opportunity.
Fill rate	The proportion of candidates who are submitted that are successful for each supplier.	To promote supplier curation of candidates before submission to customers for consideration. To ensure suppliers who regularly fill roles are promoted.
Candidate suitability	Customer satisfaction with the matching of candidates to the skill characteristics required for the role.	To promote supplier curation of candidates before submission to customers for consideration To ensure suppliers are able to offer suitable candidates in the sub-categories they have nominated.
Satisfaction ratings	Suppliers must maintain a high standard of service delivery to customers.	To monitor service delivery to customers.
Candidate work readiness	Suppliers ensure their candidates possess all necessary pre-engagement requirements before commencing in a role.	To ensure candidates have the required skills, licences/qualifications, clearances and equipment (where required) to commence in the role.

Panel Exclusion

To uphold the integrity of the panel and ensure the continued delivery of high quality services and standards, regular assessment of panel suppliers will determine if they continue to meet pre-determined terms or be excluded from the panel by termination or suspension.

We are considering the following terms and conditions:

- immediate exclusion from the panel for the loss or suspension of a Labour Hire Licence or breach of other government policy or law



- establishment of a process that ensures natural justice, and fair warning of potential exclusion from the SOA for an act that results in membership termination or suspension from an industry or professional body
- establishment of a process that ensures natural justice for exclusion from the SOA for a significant breach of candidate care
- establishment of a process that ensures natural justice and fair warning of potential exclusion for a supplier not meeting KPIs
- opportunity for supplier self-removal.

Table 5: Expected benefits and potential impacts of Proposal 3 — Supplier ongoing Qualification Measures and Standards

Expected Benefits	Potential Impacts
<ul style="list-style-type: none"> • The proposed model will encourage high quality service delivery and standards in the provision of all contingent workers to the Queensland Government. • A fair and transparent process that upholds the integrity of the industry. • Best practice candidate care for contingent workers by their suppliers. 	<ul style="list-style-type: none"> • Departure from traditional performance management practices due to a large supply base.

Proposal 3 – Invitation to Comment

People are invited to provide suggestions and comment on:

- 3.1 Key performance indicators (KPIs)
 - 3.1.1 are the proposed KPIs suitable?
 - 3.1.2 what other KPIs should be measured?
 - 3.1.3 what are reasonable targets for each KPI?
- 3.2 Supplier ability to provide candidates in their nominated categories/specialisation.
 - 3.2.1 should this be an initial qualifying measure or one that is applied after 12 months? (e.g. using fill rate data and following a customer survey on candidate suitability.)
 - 3.2.2 how should this be measured for new market entrants?
- 3.3 What other circumstances should be considered to exclude a supplier from the panel?



Proposal 4: A standardised pricing model

The Queensland Government seeks to establish a model that is:

- simple;
- economically viable for industry;
- supports healthy competition;
- continues to attract quality talent; and
- delivers value for money for the public dollar.

Supplier Margin

Several pricing models have been considered for the SOA including:

- percentage;
- fixed fee; and
- salary tiered based models.

The following standardised pricing model is being considered:

- a supplier margin calculated on a percentage (%) of the contingent worker pay rate
- the margin to be capped at a maximum percentage.

On costs

Queensland Government Procurement aims to standardise charges for on-costs across suppliers, relative to each industry. It is proposed that on costs be charged as follows:

- superannuation contributions, as required by law
- payroll Tax (when payable), as required by law
- WorkCover, a set percentage to be determined
- insurances, a set percentage to be determined.

Table 6: Expected benefits and potential impacts of Proposal 4 — A standardised pricing model

Expected benefits	Potential impacts
<ul style="list-style-type: none"> • A realistic cap on the supplier margin will ensure delivery of value for the public dollar. • A percentage-based fee will accommodate fluctuations within the market. • The proposed model will encourage healthy competition through the supply of quality candidates. • Standardised on-costs will ensure consistent pricing across the SOA by industry and ensure appropriate levels of WorkCover for the roles being performed. 	<ul style="list-style-type: none"> • A capped supplier margin may inhibit quality candidates being submitted to Queensland Government in skills shortage areas.

Proposal 4 — Invitation to Comment

People are invited to provide suggestions and comment on:

4.1 Supplier margin proposed model

4.1.1 What is a fair, and sustainable, maximum margin?

4.1.2 Should the same maximum margin be charged across all categories of contingent workforce?



- 4.1.3 Are there any categories that should attract a higher margin? What margin would be appropriate?
- 4.1.4 Should the same maximum margin be applied across all regions? If it should differ, what margin should apply?
- 4.1.5 Should a separate maximum margin apply to roles in skills shortage areas to ensure we attract quality candidates? If this should differ, what margin should apply?
- 4.2 Would a standardised approach to insurances suit all suppliers? What would be a reasonable percentage?
- 4.3 Would a standardised approach to WorkCover suit all suppliers? What would the appropriate approach be?

Proposal 5: Recruitment as a service

On occasion, customers will need to recruit contingent workers as a service rather than recruitment to individual roles. It is proposed that ‘recruitment as a service’ is an additional offering available under the future SOA.

An example of this is a contact centre where the customer has a need for 20 people at night, every night. Line management and direction of the contingent workers is provided by the government agency however roles are to always to be filled, at a set hourly rate and the supplier is responsible for filling, training and leave coverage.

Table 7: Expected benefits and potential impacts of Proposal 6 — Recruitment as a Service

Expected Benefits	Potential Impacts
<ul style="list-style-type: none"> • Guarantee of service delivery for Queensland Government customers. • Set rates for projecting costs for delivery of outcomes. 	<ul style="list-style-type: none"> • Requirement for faster fill times. • Increased responsibility on supplier to ensure workers are work ready.

Proposal 5 — Invitation to Comment

People are invited to provide suggestions and comment on:

- 5.1 What would be a reasonable pricing model be for ‘recruitment as a service’?



Additional comments and feedback

Invitation to Comment

- 6.1 People are invited to provide additional comments and feedback on the proposed SOA for the supply of contingent workers.



Department of Housing and Public Works
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