



CIRCULAR TO DEPARTMENTS AND AUTHORITIES NO 3 OF 2002

**EMPLOYMENT GUIDELINES FOR AGENCIES INSOURCING CONTRACTS FOR SERVICES**

1. Government policy enables public sector agencies to insource services upon the expiration of existing contracts for service.
2. The Minister for Consumer and Employment Protection has approved guiding principles to ensure insourcing occurs consistently across the public sector.
3. Four key labour relations issues emerge when contracts for service are insourced:
  - (a) the link with applicable redeployment provisions;
  - (b) the status of employees currently employed by contractors;
  - (c) the process by which employees move from contractors to public sector agencies; and
  - (d) treatment of entitlements of employees who move from contractors to public sector agencies.
4. Appropriately skilled redeployees within the public sector redeployment system, are to be accorded first priority when insourced services are being resourced.
5. Further resourcing may be drawn from those existing employees of a contractor who have previous experience with the agency in the relevant skill area, or are willing to undertake further training. They shall be recruited on the following basis:
  - (a) selection, recruitment and appointment procedures consistent with public sector standards; and
  - (b) the 'desirable criteria' of employment shall be based on a need to ensure that a pool of employees familiar with agency procedures and practices is immediately available to carry out the insourced service.

6. The accrued entitlements of existing employees of a contractor is a matter of settlement between contractors and employees.
7. Where existing employees of a contractor were former employees of an agency who transferred when the service was outsourced, these former employees shall have the following concessions extended to them;
  - (a) a credit of the unused portion of sick leave entitlements; and
  - (b) the ability to transfer credits for other leave entitlements from the contractor into a credit account with the funding also being transferred. In this instance the accrual ratio of the leave will need to be adjusted if there is a difference between the Government and private sector standards.
8. Should you require further information regarding the application of the guidelines please contact your labour relations advisor.

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