

PSC CIRCULAR

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PSC Circular No. 15/2011

To: Permanent Secretaries and Heads of Departments File: C29/74/68
Subject: OUTSOURCING POLICY FOR THE FIJI PUBLIC SERVICE Date: 09th March, 2011

1.0 INTRODUCTION

1.1 The Strategic Intent of the Outsourcing Policy is to bring about the required reductions in Government's operating expenditure and significantly improve efficiencies in public service deliveries.

2.0 POLICY ON OUTSOURCING

2.1 A Copy of the Policy is attached as **Appendix I**.

2.2 Permanent Secretaries and Heads of Departments are duly informed that Government has decided to consider outsourcing of implementation of identified projects and delivery of selected services to private and non state actors. A list of the projects and services have been identified on a preliminary basis as attached. The decision on whether or not to go ahead with outsourcing however, would be based on properly conducted due diligence studies. The interest of the State and the people of Fiji as a whole will take precedence over all other considerations.

2.3 Officers are required to take heed of the "Safeguards, Quality Control and Accountability" of outsourcing projects and delivery of selected services as per **Clause 6.0 of the Policy**.

2.4 Please ensure that this Circular is brought to the attention of all Officers in your Ministry/ Department.



Parmesh Chand

Permanent Secretary for the Public Service

OUTSOURCING POLICY FOR CIVIL SERVICE

1.0 STRATEGIC INTENT

1.1 The Strategic Intent of this Policy is to enable Government to bring about required cost reductions in its operating expenditure and significantly improve efficiencies in public service deliveries.

2.0 BACKGROUND

2.1 It is considered crucial that policy guidelines on outsourcing of relevant functions in civil service be adopted by Government given its resolve to streamline the role and functions of the service to reduce its operating costs and achieve maximum levels of efficiency. The rationale for outsourcing relevant functions is that it would also allow Government to focus on its core deliverables.

2.2 If properly implemented, outsourcing has the potential of assisting the State in effectively managing the challenges of escalating fiscal pressure and meeting the ever growing demands of ordinary members of the public for quick and efficient service delivery. There have been proven examples both in developed and developing countries that Governments have been able to save money, extend their capabilities and also improve service provision to their citizens and business through outsourcing.

2.3 On the other hand, some outsourcing initiatives fail to yield the expected results due to abuses in initial procurement processes, lack of capacities in contract design and monitoring and lapses in ensuring accountability etc.

3.0 FIJI CONTEXT

3.1 In line with the current reforms being pursued to bring about cost reduction and efficiency in delivery of public goods and services, Government has decided to outsource certain aspects of its operations, services and implementation of capital projects. It is realized that outsourcing is not totally new to Government as some Ministries and Departments have already started implementing this initiative, albeit on a smaller scale and adhoc basis eg. road construction and maintenance work in PWD, maintenance of Government Quarters in PSC and security and laundry services in Ministry of Health.

3.2 The following are considered as multiple objectives of outsourcing in our context:

- a) To help to contain the size of Government and its operating costs;
- b) To improve efficiencies in service delivery in terms of timing and responsiveness;
- c) To enable greater employee participation and private sector led growth; and
- d) To provide efficient and value for money services to the taxpayer.

4.0 PRIORITY AREAS FOR OUTSOURCING

4.1 In determining the priority areas for outsourcing, consideration has been given to the multiple objectives of outsourcing in our context and the capability of the private sector to effectively provide those goods and services. It was also felt appropriate that the priority areas for outsourcing be divided into two categories viz infrastructural/works contracts and service contracts. Accordingly, the following list is proposed as possible areas for outsourcing:

4.1.1 Infrastructural/Works Contracts

- e) Maintenance of Government Buildings and Quarters;
- f) Maintenance of Government Schools Buildings & Hostels;
- g) Maintenance of Government Hospitals and Health Centres;
- h) Maintenance of existing Bridges, Roads, Pavements & Curbs;
- i) Maintenance of Government Wharfs and Jetties;
- j) Construction of new Roads and Bridges;
- k) Construction of the Government premises;
- l) Dredging of Rivers, creeks and related Estuaries;
- m) Upkeep of Drainages and Irrigation Schemes.

4.1.2 Service Contracts

- a) Letting of Government Properties
- b) Provision of Security Services
- c) Provision of Laundry Services
- d) Provision of Cleaning Services
- e) Provision of Grass Cutting Services
- f) Provision of Data Entry Services
- g) Provision of some aspects of IT Services.

5.0 MODALITIES AND PROCEDURES FOR OUTSOURCING

5.1 There will be a Central Co-ordinating and Administrative Committee on Outsourcing [CCACO] formed with following membership:

- Permanent Secretary for Public Enterprises - Chairperson
- Permanent Secretary Public Service - Deputy Chairman
- Permanent Secretary for Works - Member
- Permanent Secretary for Labour - Member
- Permanent Secretary for Finance - Member
- Permanent Secretary for Trade & Industry - Member
- Ministry of Public Enterprises - Secretariat

5.2 The role of the CCACO would inter-alia be to implement, co-ordinate, oversee and administer all aspects of Government's outsourcing policy.

5.3 There will be thorough cost benefit analysis commissioned by CCACO before moving to outsource any infrastructural works or services. The CCACO will report to the Prime Minister through the Permanent Secretary for Public Enterprises and the Chairperson.

5.4 All outsourcing initiatives will comply with established tender and procurement procedures as laid out in the Finance Act 2005 and accompanying Finance Instructions.

6.0 SAFEGUARDS, QUALITY CONTROL AND ACCOUNTABILITY

6.1 There will be properly vetted contracts through the Office of the Solicitor General prepared and entered into for any outsourced function of Government. The contract documents will inter-alia stipulate the reporting obligations and the specific functions each of the parties will be accountable for, the measurement or assessments provision for delivery of the goods or services, conduct of quality checks, incentives and penalties for performance and rectification measures for shortfalls or anomalies etc.

6.2 The CCACO will oversee the formulation execution, implementation and monitoring aspects of outsourced contracts.

7.0 IMPLICATION ON STAFFING

7.1 The Public Service Commission [PS] in collaboration with the line Ministry and under the overall guidance of CCACO will handle staffing implications arising out of any outsourcing initiatives.

- 7.2** In dealing with implications on staffing, the PSC will explore all options to reduce the risk of loss of jobs and social consequences therefrom. In most cases, redundancies would be inevitable. While some affected civil servants might be able to be successfully redeployed to other priority areas, those that are to be made redundant are likely to face social consequences with loss in employment and livelihood opportunities.
- 7.3** It is also possible to assist affected civil servants to organize themselves into entities or align themselves with strategic partners to bid for outsourced contracts. In this regards, the assistance of the Department of Co-operatives, Fiji Trade and Investment Bureau, National Centre for Small and Micro Enterprises Development [NCSMED], National Employment Centre, FDB and other related bodies would be sought to better integrate affected civil servants in areas of opportunities.
- 7.4** Those workers who cannot be redeployed will obviously need to be made redundant and paid redundancy packages within existing provisions of law.
- 7.5** Redundancy packages will only be offered to civil servants who are below 53 years of age for established staff and 54 years of age for Government Wage Earners. Those above the ages of 53 and 54 respectively would be retained on the payroll until their retirement and redeployed to assist with organizing of workers into appropriate entities and preparing them to bid for outsourced projects.

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