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Committee Secretary
Senate Standing Committee on Finance and Public Administration

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Dear Committee,

Thank you for the invitation to make a submission to the inquiry into the Public Governance, Performance and Accountability Amendment (Ban Unethical Contractors) Bill 2025.

The Australia Institute's research shows that the overuse of consultants by Australian governments can have significant negative consequences.

The Australian government's use of consultants diminishes public trust in the public service and hollows out the capacity for good decision-making. Major scandals, such as PwC's use of confidential tax information to solicit work, have severely undermined public trust in government.

However, at present, the Commonwealth has no "clear power" to ban a consulting firm that monetised confidential Treasury information, which meant that PwC was not banned from bidding for government contracts in the wake of the tax leaks scandal.

This Bill fills that gap in the Commonwealth's powers and ensures that PwC, alongside other firms that engage in unethical conduct in the future, can be banned from receiving government contracts.

The bill defines unethical conduct as including "recent convictions or pecuniary penalties, a proven record of poor labour practices or tax avoidance, or any other conduct that has, or is likely to have, an adverse impact on the integrity of, or public confidence in, the Commonwealth". Such conduct undermines the trust of the public. Ensuring that government contracts do not go to firms that engage in such conduct would be a welcome step.

In addition, the establishment of a public register of excluded suppliers would be a transparency measure.

I have attached two reports that might help the committee:

Shields, Adhikari and Browne (2023) *Neither frank nor fearless*

This report describes the consequences of Australia's public service overusing consultants. These include the hollowing out of public sector capacity, the use of consultants to justify poor government decisions, and potential conflicts of interest.

In particular, the section 'Abuse of trust undermines government policy' details how PwC seems to have escaped serious consequences for their use of confidential government information to potentially help their clients game Australia's tax avoidance laws.

Shields and Browne (2023) *Consultants: Structurally unsound*

This paper outlines the harms caused by the overuse of consulting firms by Australian governments, including the strong potential for conflicts of interest. It recommends managing those conflicts through improving transparency and accountability around consulting contracts.

This includes the recommendation that PwC, and other consulting firms that exhibit poor behaviour, be banned from receiving government contracts for a suitable period, which this Bill would allow the Commonwealth to fulfill.

Additionally, I have attached two pieces of polling research that might help the committee:

The Australia Institute (2023) *Polling: PwC & new government contracts*

Polling conducted on behalf of The Australia Institute by Dynata in June 2023 found that 79% of Australians believed that PwC should be banned from receiving new government work, including 45% who believed they should be banned permanently, with just 2% believing there should not be a ban.

The Australia Institute (2023) *Polling – Government use of consultants*

Polling conducted on behalf of The Australia Institute by Dynata in May 2023 found that 80% of Australians agreed consulting firms that leak confidential government information should be banned from consulting for the government.

These polls, conducted after the PwC tax leaks scandal became public, demonstrate the high level of public support for the Commonwealth having the power (and indeed the inclination) to ban PwC.

The Institute would welcome the opportunity to discuss research findings in further detail at any committee hearing, should there be one.

Regards,

Bill Browne
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The Australia Institute