



Australian Government

Defence

**The Senate Finance and Public Administration
Legislation Committee
Inquiry into Public Consultancy and Services
Contracts Bill 2025**

**Department of Defence
Submission**

February 2026

Opening statement

1. The Department of Defence (Defence) welcomes the opportunity to make a submission to the inquiry relating to the *Parliamentary Joint Committee on Public Consultancy and Services Contracts Bill 2025* (the Bill).
2. Defence acknowledges that the Bill seeks to respond to the recommendations of the Senate Finance and Public Administration References Committee report into *Management and assurance of integrity by consulting services* and align the scrutiny of consultancy spending with the existing parliamentary review process for major public works projects under the *Public Works Committee Act 1969*.

Defence Context

3. Defence is the largest procuring agency in the Commonwealth, with some of the most complex and challenging acquisition and sustainment projects in Australia.
4. The 2023 Defence Strategic Review observed that Australia is facing the most challenging strategic environment since the Second World War. It also reaffirmed that Australia no longer enjoys the benefit of a ten-year window of strategic warning time for conflict.
5. The 2024 National Defence Strategy (NDS) sets out the Government's strategic framework to guide the significant and urgent changes required to transform Defence's capability, force posture, force structure, acquisition, recruitment and international engagement.
6. The NDS reinforces the Government's commitment to simplifying and accelerating Defence's acquisition processes to deliver capability more quickly in partnership with industry. This includes embracing greater levels of risk both within Defence and across government agencies involved in these processes.
7. The NDS directs the removal of unnecessary and repetitive steps in the engagement, solicitation and selection processes.
8. The changing strategic environment facing Australia necessitates accelerated capability delivery to the ADF, placing procurement and contracting practices at the forefront of transformational change in Defence.
9. Defence is undertaking a number of reforms to simplify and accelerate Defence's procurement processes, to enter into contracts more quickly, leading to cost and time efficiencies while achieving speed to capability.
10. Value for money remains the cornerstone consideration in Defence procurements, as required by the Commonwealth Procurement Rules (CPRs).

Existing Accountability and Transparency Mechanisms

11. Defence is committed to openness and transparency, publishing contracts valued at or above \$10,000 (including GST) on AusTender as required by the CPRs. For consultancy contracts, as defined by the Commonwealth procurement framework, this includes publication of the justification for awarding the consultancy contract.
12. In addition, consultancy expenditure, including the top five organisations by consultancy expenditure, is included within Defence's Annual Report as required by the Commonwealth resource management framework.
13. Defence also provides biannual statements detailing consultancy contracts valued at \$2 million or more to the Minister for Finance to enable the Minister to present a consolidated statement to Parliament to comply with Senate Order 23F.

14. Defence procurements are regularly subject to Australian National Audit Office (ANAO) performance audits, which contribute to improved public sector administration and accountability through objective reporting on the performance of Australian Government programs and entities.
15. To strengthen oversight and governance on the engagement of contractors and consultants, Defence has also implemented internal mandatory policy and guidance through Defence's Accountable Authority Instructions that:
 - a. All procurements for contractors or consultants valued above \$80,000 (GST inclusive) require approval at the Senior Executive Service (SES) Band Three/Three Star level or above prior to approaching the market. This reduces to SES Band one/one star for contracts valued below \$80,000 (GST inclusive);
 - b. SES Band Three/Three Star level or above approval is required prior to exercising an extension option or variation for the services of a contractor or consultant valued above \$80,000 (GST inclusive). This reduces to SES Band One/One Star for contracts valued below \$80,000 (GST inclusive); and
 - c. The Secretary is to be advised of any contractor or consultant where the estimated daily rate of an individual is at or above \$4,500 (GST inclusive) to ensure oversight of high cost engagements.
16. Defence has created an External Workforce Reform Branch to help deliver the NDS and Integrated Investment Plan with the intent to ensure Defence is an informed and coherent buyer and user of the external workforce.
17. The External Workforce Reform Action Plan 2024-2026, guides Defence's efforts in relation to Defence's external workforce. In accordance with the Plan, Defence has created the following three functions:
 - a. External Workforce Hub – data, guidance and resources to help Defence become smarter buyers;
 - b. Australian Defence Consulting – an internal consulting team and knowledge bank of project and procurement materials; and
 - c. Strategic Market Management – an account team and support to actively manage our engagement with the market.
18. The External Workforce Reform Branch is assisting Defence to act as a single, smart buyer of contractors and consultants by reshaping how the Department engages with, and uses the market. For example, an enterprise level account management process has been set up to manage relationships with the largest suppliers of consultancy services to Defence.

Implications and Challenges of the Proposed Bill

19. Defence undertakes procurement in accordance with the CPRs, set by the Department of Finance. As such, Defence will allow the Department of Finance to provide comment on the application and alignment of the CPRs to the Bill.

20. Defence supports the Department of Finance's submission to this inquiry, including but not limited to, the following implications and challenges raised by the Department of Finance:
 - a. Definition of a public consultancy contract;
 - b. Conflict with the CPRs and Ministerial involvement;
 - c. Increased administrative burden and resultant impacts; and
 - d. Overlap with existing oversight mechanisms.
21. In addition to supporting the Department of Finance's submission, Defence seeks consideration of the following implications or challenges arising from the Bill from a Defence perspective;
 - a. Defence procurement is changing to meet the strategic circumstances outlined in the NDS. To achieve this, Defence must deliver capabilities to the ADF faster;
 - b. Defence has concerns that the introduction of a parliamentary approval process for public consultancy contracts, prior to contract award, will not enable Defence to achieve the agility and speed to capability outcomes being directed at a strategic level. Under procurement reform, Defence is working to simplify processes, engage with risk, and reduce the time it takes to enter into a contract;
 - c. Using the broad definition of a public consultancy contract as currently written in the Bill, Defence estimates that approximately 800-1,000 Defence contracts would have been in scope for referral based on 2024-25 AusTender contract notice data; and
 - d. It is unclear how the utilisation of existing CPR mechanisms to achieve urgent procurement outcomes will be impacted, noting that under the Bill, the Minister must first make a declaration to the Committee that a public consultancy contract must be executed urgently. The Minister cannot make the declaration unless they have notified the Committee of their intent to do so and the Chair and Deputy Chair of the Committee have consented in writing to the making of the declaration.

Conclusion

22. Defence has strong confidence in its existing internal and external accountability and transparency measures already in place to monitor consultancy contract expenditure. Given the current strategic environment, Defence questions the need for an additional layer of governance as proposed by the Bill.