



Committee Secretary

Senate Finance and Public Administration Committee

PO Box 6100, Parliament House

Canberra ACT 2600

17 October 2023

Dear Secretary

Boston Consulting Group (BCG) is pleased to provide the following responses to questions taken on notice on Tuesday 26 September 2023, during our appearance at the inquiry into the ***management and assurance of integrity by consulting services***.

Sincerely

BCG Australia

## **1. Professionalisation of consultants and external accountability**

BCG is supportive of the Committee's focus on increasing the accountability of the services providers to the Australian Government.

As outlined in our detailed public submission to the Committee, we believe there is scope to formalise the Government's process for reviewing breaches of integrity, contracts or other ethical standards, with stronger consequences including the explicit ability to ban or bar consultants from some or all engagements for a period of time if they are found to be in breach.

Considerations put forward to the Committee in our detailed submission include but are not limited to:

- Restrictions on the ability of suppliers to simultaneously supply both labour-hire services and management advisory services to the Australian Government.
- Establishing a clear framework for secondments to or from the Australian Public Service, with strong safeguards to prevent conflicts of interest and protect confidentiality.
- Establishing a formal Australian Government process for reviewing breaches of integrity, contracts or other ethical standards, with stronger consequences including the explicit ability to ban or bar consultants from some or all engagements for a period of time if they are found to be in breach.
- Requiring all suppliers' employees or subcontractors working on Australian Government projects to undertake additional training on APS values and public service standards
- Possible further enhancements beyond those already made this year, to ensure that integrity of suppliers be more explicitly considered in the pre-qualification of firms to Australian Government panels, and in the evaluation and award of future consulting contracts.
- Australian Government establishing a whole-of-government framework for monitoring performance and value delivery by suppliers, and the value that work has delivered to the Australian Government.
- Australian Government establishing a formal mechanism for an annual review meeting with each large supplier to discuss the totality of their contribution each year, and their performance against the required integrity principles and standards.
- Australian Government increasing the level of transparency in procurement processes requiring departments and agencies to provide more information about their value for money processes and assessments.

We firmly believe that such measures, in addition to our own robust Code of Conduct, will specifically address our shared objective of consistently demonstrating ethical decision-making, elevating levels of professional behaviour, and increased levels of accountability.

We welcome the opportunity to work with the Committee in providing further guidance and assistance in this regard.

## **2. Average salaries**

BCG offers competitive compensation to enable us to attract top talent, who have a range of options for employment in Australia and overseas. Graduates joining our consulting team earn more than \$130,000 in their first year, and compensation increases with tenure and as staff progress through the career steps.

## **2. CEO and Partner compensation**

Given our partner remuneration is tied to a global structure in a highly competitive global market, we will not be disclosing that information.

## **4. Managing potential conflicts of interest**

As noted in our public submission, BCG has a set of strict, enforced policies around all our work and potential engagements as a part of our ongoing commitment to managing organisational-level conflicts of interest and upholding ethical standards. BCG would not classify the process as a checklist recognising the necessity for flexibility to comprehensively address the breadth and depth of what constitutes a conflict of interest.

Below, we outline how BCG effectively addresses these concerns through our escalation policy, which defines the personnel responsible in our process.

### BCG policies, procedures, and tools to manage organisational-level conflicts of interest:

1. **Organisational Conflicts of Interest (OCI) Policy:** BCG has an OCI policy and supporting compliance process, including local legal support independent of the relevant client-service team, and two-tier escalation to address any identified risks. The two-tier escalation includes the Australia Commercial Advisory committee chaired by the Australian Managing Partner, and the Global Commercial Advisory committee consisting of BCG's global General Counsel, Chief Risk Officer, Regional Chair, and Global Practice Area Leader. The OCI policy specifically requires the following safeguards to be put in place:
  - a. **Managing Unequal Information Access to Non-Public Information:** BCG abides by nondisclosure agreements that govern our work. We must not staff any BCG employees on a proposal or engagement if they have had access to non-public information that could give BCG or our other clients an unfair advantage in a competition.
  - b. **Avoiding Biased Ground Rules:** If a BCG team prepares an RFP or similar solicitation document for a client to issue to market as an upcoming opportunity, BCG cannot pursue that opportunity as a prime or subcontractor.
  - c. **Disclosures to address any appearance of Impaired Objectivity:** BCG must make all disclosures required under the terms of each solicitation from a client, including a statement in our proposals and contracts that identify potential

conflicts or intersections between the work we are responding to for the government client and the interests of any other clients (if any).

We continue to refine our internal processes for streamlining how individuals can incorporate these assessments into their day-to-day workflow and project management, including the early development of a one-page quick reference guide to continue to embed this into our culture.

#### **5. Breaches of confidentiality and misconduct**

As stated in our public submission, over the past five years, BCG Australia has had no complaints with respect to breaches of confidential information or work with government or any other client. Over the same period, we received ten formal complaints relating to misconduct, all of which related to workplace behaviour. Each complaint was investigated thoroughly, and appropriate consequences determined. Four of these complaints resulted in termination of employment.

## 6. Australian Public Service (APS) values training

Due to client confidentiality and commercial-in-confidence reasons, we are unable to share project briefing slides, however APS values are often discussed and addressed as part of standard client induction and onboarding processes with our teams. As part of the kick-off process for any project, we also discuss the client context and emphasise to teams the importance of adhering to relevant client policies, protocols, values and standards.

As mentioned in our testimony, there is a high-degree of alignment between BCG's values and the APS values. The table below maps our own BCG values to those of the APS. We regularly train our staff on BCG's values through onboarding and annual mandatory *Living our Values* and *Conscious Inclusion* training sessions.

APS Values	BCG Values
<b>Impartial:</b> The APS is apolitical and provides the government with advice that is frank, honest, timely and based on the best available evidence. <b>Ethical:</b> The APS demonstrates leadership, is trustworthy, and acts with integrity, in all that it does.	<b>Integrity</b> as an expression of courage and accountability
<b>Committed to service:</b> The APS is professional, objective, innovative and efficient, and works collaboratively to achieve the best results for the Australian community and the government.	<b>Clients come first:</b> We measure our success by our client's success. <b>Expanding the art of the possible:</b> because the goal is not simply to apply best practice but to invent it. <b>Social Impact:</b> We believe we can make the world a better place. <b>Partnership:</b> A long-term view guides BCG's relationships, both internally and with clients.
<b>Accountable:</b> The APS is open and accountable to the Australian community under the law and within the framework of Ministerial responsibility.	<b>Value delivered</b> in the form of tangible, positive, lasting change. <b>Strategic Perspective</b> enabling clients to deliver superior results in a sustainable manner.
<b>Respectful:</b> The APS respects all people, including their rights and their heritage.	<b>Respect for the Individual</b> as their capacity and desire for personal growth. <b>Diversity</b> of thought, expertise, experience and background.

We recognise that specific training on APS values could be undertaken more consistently and in our submission, we invited the Committee to consider requiring all suppliers' employees or subcontractors working on Australian Government projects to undertake additional training on APS values and public service standards. We would welcome and support the introduction of such training.