

Submission to the Senate Finance and Public Administration Legislation Committee

Re: Public Consultancy and Services Contract Bill 2025

Submitted by: Sean Money (at an individual capacity, and not necessarily representing the views of any broader organisation or group)

Introduction

I support the intent of the Public Consultancy and Services Contract Bill 2025 and the broader reform agenda to improve transparency, accountability, and integrity in public sector consultancy and services contracts. These reforms are necessary and timely, particularly considering recent scandals and the need to rebuild public trust. However, I wish to raise concerns about the practical implications for small-to-medium enterprises (SMEs), particularly those operating in complex and sensitive domains such as national security, protective security, and public safety.

I bring to this submission over two decades of experience in national security and public sector leadership, including service as a Lieutenant Commander in the Royal Australian Navy. Since transitioning from the ADF, I have worked in the consulting sector with a focus on protective security, intelligence-informed delivery, and uplifting government capability. I sought out a post Defence career as a Management Consultant as I saw the positive impact a well-designed and well-executed consultancy engagement can have on capability, and I wanted to bring that success to my post Defence career. My decision to work in a SME was driven by a desire to contribute meaningfully to public sector outcomes, without the constraints or commercial pressures often associated with larger firms. SMEs are locally owned, keep profits in Australia, and tend to be more human and engaged in their relationships with government. My employer in particular places significant emphasis on public good, service, and outcomes-based contracting. Just because we are for-profit does not mean we cannot contribute socially positive outcomes.

Key Concern: Procedural Complexity and Delayed Certainty

The proposed Committee's ability to review contracts prior to execution, particularly those exceeding \$2 million, introduces a new layer of uncertainty that disproportionately affects SMEs. For a small firm, a multi-year contract of this scale can provide the certainty needed to hire staff, invest in capability, and plan for sustainable delivery. If such contracts are subject to extended scrutiny or potential reconsideration, the risk shifts to the supplier. Larger firms such as the Big 4 or Big 7 can absorb this risk, but SMEs cannot.

This concern is amplified by recent developments in the Commonwealth contracting environment, including:

- The introduction of a requirement to approach an SME in panel procurements, while positive in intent, in practice has felt tokenistic from departmental buyers without the accompanying engagement and transparency to prepare for the Request for Quotation that may drop on your lap with no warning or preparation.
- The Department of Defence's moratorium on above-the-line consulting and contracting for APS and ADF departing members was implemented with limited notice and clarity. While the intent may have been to safeguard integrity, the rollout disrupted planning and increased costs for many SMEs. In my case, despite being well outside the scope of the moratorium, I was affected due to inconsistent interpretation and communication. This experience highlights the need for policy implementation that is not only principled but also predictable and transparent.
- The reduction in financial delegations within Defence, understood to be at the highest levels signing off on relatively low levels of contracts, naturally incentivises larger and longer contracts if they need to obtain such significant approval. The administrative delays can be absorbed by Big 4 or Big 7 firms, but SMEs where every staff member not on task creates significant financial pressure is an added burden where it can be least afforded.

Context: Sector-Wide Reform vs SME Realities

I understand that the Bill is part of a broader reform agenda following the PwC tax scandal and the Senate inquiry into government consultancy practices. While these reforms are necessary to address systemic issues, it is important to recognise that there is no evidence of SMEs engaging in the disreputable and exploitative behaviours, yet SMEs may bear the same regulatory burden as a result.

The proposed mechanisms (including mandatory pre-execution review for contracts over \$2 million) do not differentiate between large multinational firms and small consultancies. This lack of proportionality could undermine the diversity, innovation, and agility that SMEs bring to public sector engagements.

Professional Standards and Ethical Practice

As a Full Member of the Institute of Management Consultants (IMC Australia), I am committed to ethical and professional standards in my consulting practice. While IMC does not regulate the broader industry, it provides a framework for accountability and continuous development for its members. In a sector where integrity and transparency are under scrutiny, I believe individual consultants must lead by example.

Unlike many large consulting partnerships, SMEs are often incorporated companies subject to corporate regulation, director accountability, and statutory reporting obligations. This provides a level of transparency and governance that is often absent in large partnership structures.

Recommendations

To ensure the Bill achieves its objectives without unintended consequences for SMEs, I recommend:

- ☐ Exempting contracts awarded to SMEs from mandatory Committee review unless they exceed a higher threshold, for example \$5 million.
- ☐ Introducing positive weighting for proven ethical behaviour, such as membership in professional bodies like IMC Australia or clear evidence of a delivery model focused on uplifting government capability.
- ☐ Requiring the Committee to consider the impact on SME participation and market diversity when reviewing contracts.

Conclusion

SMEs bring agility, innovation, and deep domain expertise to public sector challenges. To preserve a diverse and competitive supplier base, it is essential that new oversight mechanisms do not unintentionally exclude or discourage smaller providers. I offer this submission in the hope that it provides a useful perspective from the SME sector and contributes constructively to reforms that strengthen integrity and improve outcomes for government and industry alike.