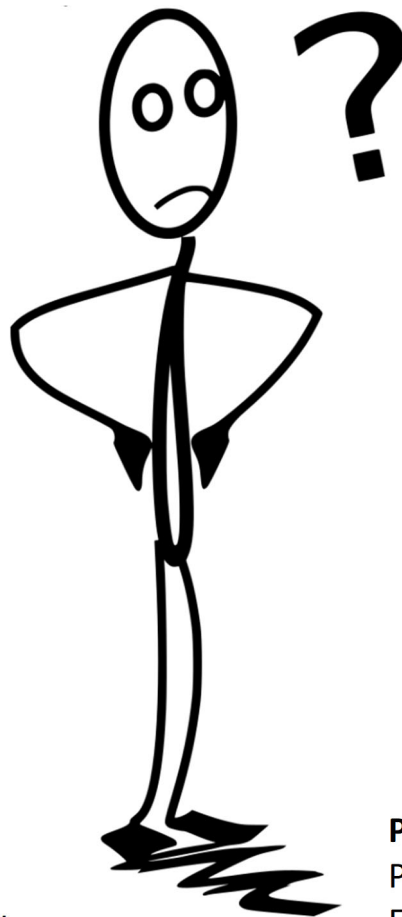


(government contract with consultant)

≠

(public consultancy contract)

Submission to the Senate Finance & Public Administration
Committee inquiry on the *Public Consultancy and Services
Contracts Bill 2025* (Cth)



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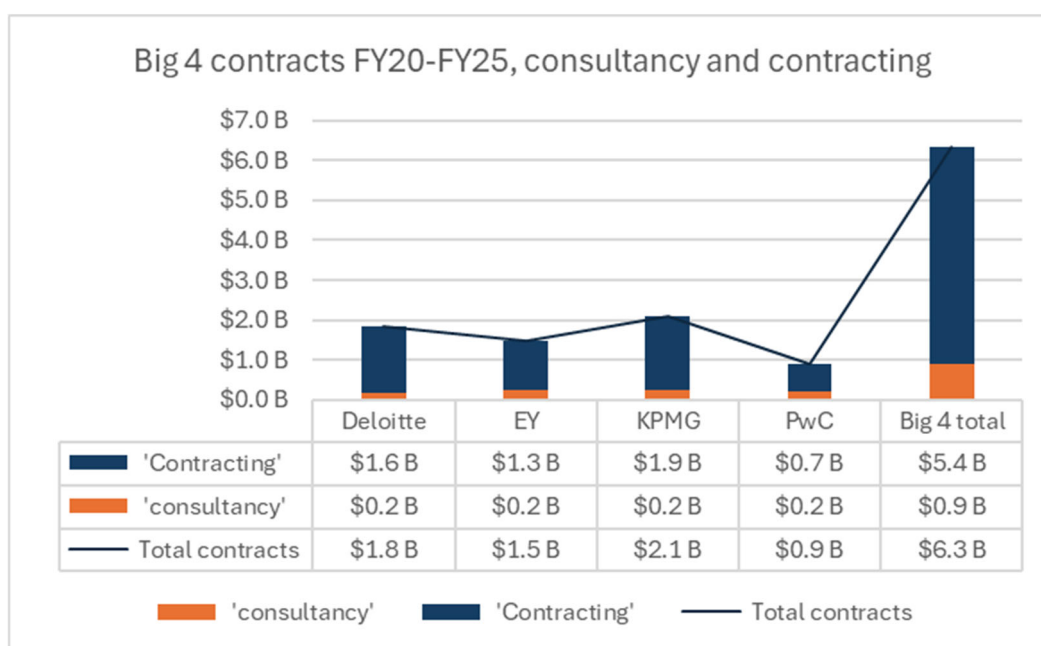
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Introduction

1. The authors thank the Senate Finance and Public Administration Committee for the invitation to comment on the *Public Consultancy and Services Contracts Bill 2025* (Cth).
2. We commend Senator Colbeck for the subject Bill's objective of regular scrutiny over incredible taxpayer consulting expenditures in benefit of a very small number of favoured consulting firms, led by the 'Big 4'.¹
3. For context public contracts to the 'Big 4' consultants in the period FY2020 to FY2025 exceeded \$6.3 billion dollars, shown in the chart below.



4. Because the **actual cost** is not reported, it is likely this figure and others used throughout this submission materially understate the true taxpayer expenditures to the Big 4 consultants.

Objectives of the Bill

5. Senator Colbeck's **Second Reading** describes the purpose of the Bill as being to:
*"...ensure high standards of accountability for the expenditure of public money, providing greater transparency of consultancy contracts... [and] safeguard... integrity and... value for money."*²

¹ The 'Big 4' is the collective term for the global accounting-consulting firms known as Deloitte, EY/Ernst & Young, KPMG and PwC/PricewaterhouseCoopers.

² Parliament of Australia. (2025, July 30). *Senate Hansard*, p. 515 (Senator Richard Colbeck).

6. The **Explanatory Memorandum** states the Bill intends its coverage of contracts with consultants: "... *be broad*"³
7. To achieve these objectives the Bill mandates disclosure of Commonwealth Government contracts with consultants that meet its definition of '**public consultancy contracts**'.
8. This submission considers Big 4 contract coverage achieved by this definition in context of existing definitions and observed agency reporting practices.
9. This submission uses AusTender contract award data for the Big 4 consultants for each Financial Year from FY2020 to FY2025.

When is a consultant 'consulting'?

10. Section 3 defines the contracts to which it applies as '**public consultancy contracts**' which are those involving a supplier providing any of:

"(a) the application of specialist professional knowledge or expertise; or

(b) investigating or diagnosing a defined issue or problem; or

*(c) the development of an intellectual output to assist with a decision-making process of the entity, including ... (i) research; (ii) evaluation; (iii) advice; (iv) recommendations."*⁴

11. This definition draws on evidence to the Committee's inquiry⁵ and reflects the Department of Finance '*Resource Management Guide 423 - Procurement Publishing and Reporting Obligation*' ('RMG 423')⁶
12. It appears a priori that a 'government contract with a consultant' would be reported as a 'public consultancy contract', but this logic does not hold true under Commonwealth procurement policies.
13. Instead RMG 423 creates two categories for contracts with consultants, one being '**consultancy**' and the other '**contracting**'.

³ Australian Parliament, *Explanatory Memorandum — Professional Standards Legislation Amendment Bill 2016* (25 S/16) 4.

⁴ S3, *Public Consultancy and Services Contracts Bill 2025* (Cth)

⁵ Senate Standing Committees on Finance and Public Administration. *Chapter 2 – The Commonwealth Procurement Framework*. In: *Commonwealth Procurement Procedures Inquiry Report*. Parliament of Australia. Available at:

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Commonwealth_procurement_procedures/Report/c02.

⁶ <https://www.finance.gov.au/publications/resource-management-guides/procurement-publishing-and-reporting-obligations-rmg-423> Access date 1 November 2025.

14. These policies mean a contract with a consultant is a consultancy contract only where engaged:

*“...to provide professional, **independent** and expert advice or services... specialist professional knowledge or expertise that cannot be obtained in-house... an intellectual output, such as research, evaluation, advice or recommendations, to assist the entity in makings decisions.” (my emphasis)*

15. RMG 423 continues to direct that a government contract with a consulting firm be reported as ‘**contracting**’ where the consultant is:

*“...providing professional services as part of an entity... and which is **directed** by [and]... under the direct supervision of the [agency] and the [agency] is responsible for managing the contractor’s work, including tasking and deliverables, timeliness of delivery, quality assurance and wider performance management. ...”⁷ (my emphasis)*

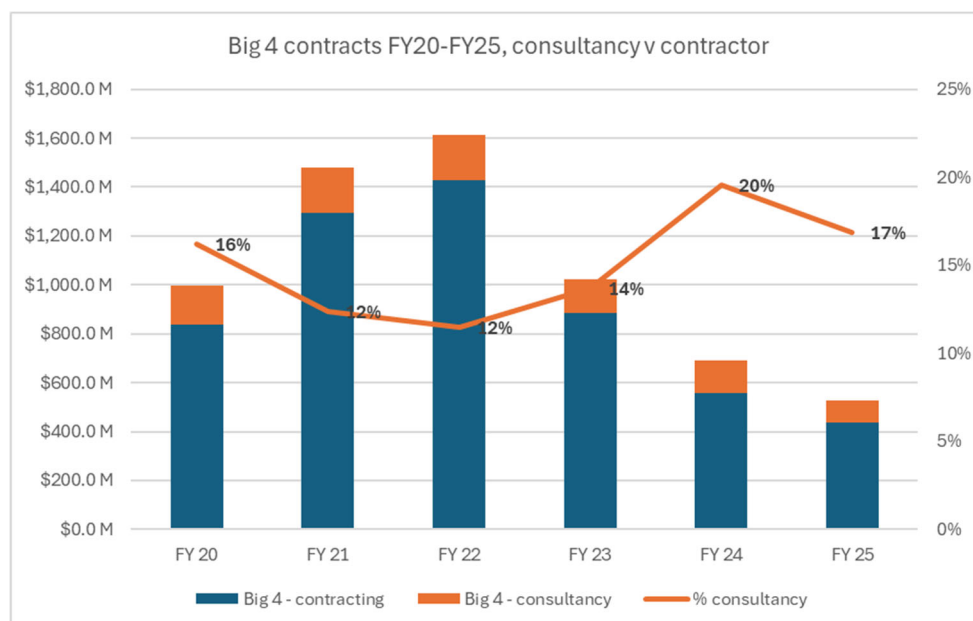
16. These definitions are functionally indistinct with overlapping criteria such that the same engagement with a consultant could be plausibly reported in either category.

17. For example, a consultant might be engaged to provide ‘...research, evaluation, advice or recommendations, to assist the entity in makings decision, while embedded in an agency and subject to explicit or implicit direction by the agency.

18. In practice whether or not a government contract with a consultant is reported as a ‘**consultancy contract**’ is a subjective choice made by the agency procuring that consultant.

19. The chart below shows Big 4 contracts by category in the years from FY2020 to FY2025.

⁷ <https://www.finance.gov.au/publications/resource-management-guides/procurement-publishing-and-reporting-obligations-rmg-423/characteristics-consultancy-contracts-and-common-examples>



20. The chart shows that of more than \$6.3 billion dollars of government contracts with the Big 4 consultants, \$0.9 billion dollars (14%) were disclosed as ‘**consultancy contracts**’.

21. The other \$5.4 billion dollars (86%) was reported as ‘contracting’ arrangements.

22. This raises two issues for the Committee, being:

- a. Prima facie, the Bill covers only a small portion of government contracts with consultants.
- b. If the Bill brings scrutiny to a portion of contracts with consultants, it will create rational incentive to characterise contracts to categories that avoid oversight.

Recommendation one: capturing any contract with a ‘consultant’

23. Section 3’s definition of ‘**public consultancy contract**’ should be widened to include all government contracts with ‘**consultants**’ regardless of agency categorisation.

24. This could be achieved by inserting an additional qualification in the Bill’s definition of ‘**public consultancy contract**’, for example a new subsection:

‘(d) Any contract with a ‘consultant’.

Recommendation two: statutory definition of a ‘consultant’

25. Recommendation one makes it necessary to define a ‘**consultant**’ in the Bill.

26. We accept the Committee’s discussion of difficulty developing a workable statutory definition of a **‘consultant’**.
27. But we submit this difficulty could be avoided if the Bill were to define a **‘consultant’** simply as any supplier that is a member of the **Management Advisory Services panel** (MAS) or similar panels created from time to time.
28. This approach appears to offer the broad coverage of public contracts with consultants sought by the Bill, while avoiding complex statutory definitions.
29. Instead, firms prequalified to provide government consulting services become **‘consultants’** and any contract with them becomes a **‘public consultancy contract’**.

UNSPSC categories

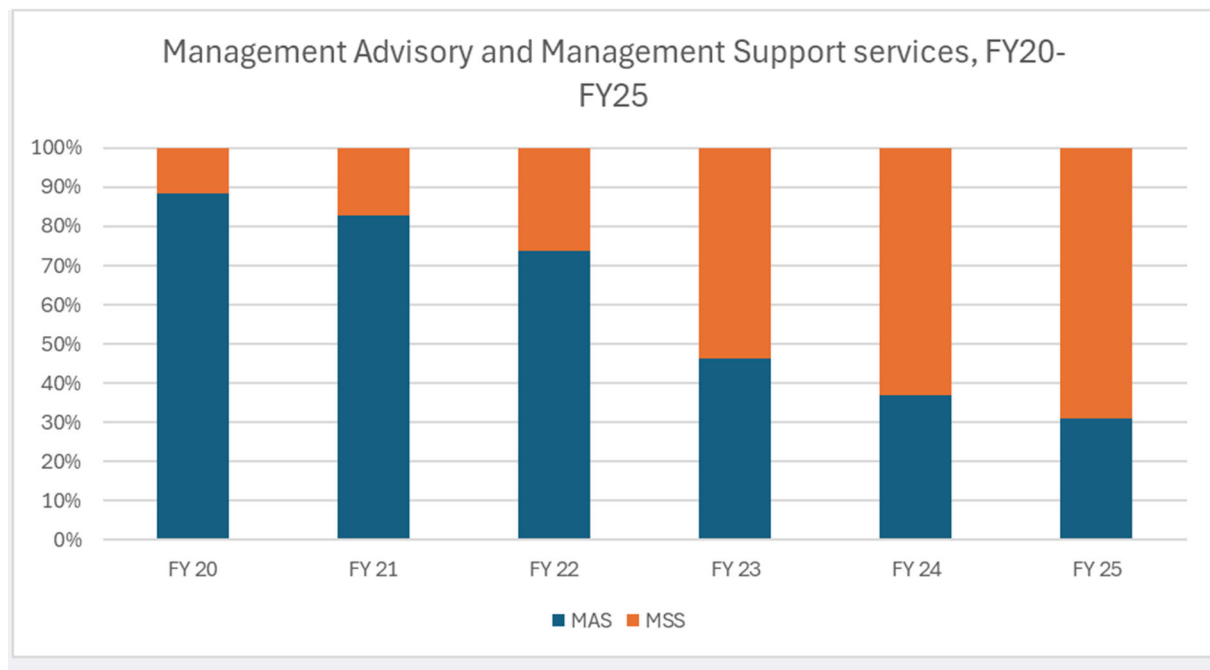
30. As well as its categorisation of ‘consultancy’ and ‘contracting’ contracts with consultants, RMG 423 also sees a subset of *United Nations Standard Products and Services Codes* (UNSPSC) used to report **‘service categories’** of government contracts.
31. The table below shows Big 4 contracts (consultancy + contracting) reported across more than 100 separate UNSPSC **‘service categories’**.

Service categories, all Big 4 contracts FY20-FY25	Sum of Value (AUD)	%
Accounting services	\$71.2 M	1%
Audit services	\$146.5 M	2%
Business intelligence consulting services	\$80.1 M	1%
Components for information technology or broadcasting or telecommunications	\$577.5 M	9%
Computer services	\$642.5 M	10%
Economic or financial evaluation of projects	\$174.6 M	3%
Information technology consultation services	\$232.3 M	4%
Management advisory services	\$1,950.3 M	31%
Management support services	\$1,218.5 M	19%
Organisational structure consultation	\$115.7 M	2%
Project management	\$107.7 M	2%
Research programs	\$83.4 M	1%
Software	\$55.7 M	1%
Software or hardware engineering	\$62.2 M	1%
Strategic planning consultation services	\$247.7 M	4%
Temporary personnel services	\$103.7 M	2%
93 other categories	\$461.3 M	7%
Total Big 4 contracts	\$6,330.9 M	100%

32. The table **bolds** service categories with contracts >\$50 million dollars and shows that
- \$4.4 billion dollars (69%)** of Big 4 contracts are reported in four categories being:

- i. **Management Advisory Services** - \$1.95 billion dollars
- ii. **Management Support Services** - \$1.22 billion dollars
- iii. **Computer services** - \$0.64 billion dollars
- iv. **Components for IT, broadcast, telcos** - \$0.58 billion dollars

33. The **Management Support Services** (MSS) category has experienced radical proportional growth versus Management Advisory Services (MAS), shown in the chart below.



34. This radical change in reporting preference correlates closely with the timelines of the Senate's inquiries and media focus on Big 4 consulting contracts.

35. Notably, no Management Support Services contracts are reported as 'consultancy contracts' in the AusTender data.

36. This data is suggestive of incentives for agencies to report government contracts in ways which minimise the risks of parliamentary oversight or public awareness.

A competition of one? Commonwealth procurement rules

37. In considering the Bill's objective of integrity and value for money in government contracts with consulting firms, we draw the Committee's attention to the *Commonwealth Procurement Rules*.

38. These rules require government contracts be offered either through ‘**open tender**’ inviting submissions from any supplier or else a ‘**limited tender**’ of selected suppliers.
39. It is troubling that these rules define a ‘**Limited tender**’ as:

*“...approaching **one or more** potential suppliers to make submissions” (emphasis added).*

40. A tender that involved only one provider is so limited as to be more accurately reported as ‘direct selection’ or ‘not tendered’.
41. While a matter for government policy, this definition should obviously be changed to avoid corruption risks and ensure favoured consultants are exposed to the disciplines of market competition on price, terms and quality.

Recommendation three: mandatory reporting of directly sourced contracts and consultants chosen for ‘limited tender’

42. In advance of any changes made by government the Committee should consider obligatory reporting of any contract awarded to a **consultant** via a limited tender of one supplier.
43. The Committee should consider legislating mandatory disclosure of the consultant invited to participate in a limited tender comprising two or more suppliers.
44. These transparency measures would lessen the obvious corruption and maladministration risks allowed by the Commonwealth Procurement Rules.

Conclusion

45. The authors again thank the Committee for the invitation to submit on the subject Bill; and commend Senator Colbeck for its practical measures to protect the public interest.
46. We hope our submission provides useful input to the Committee’s review of the Bill and look forward to seeing it pass into law.
47. The authors would be happy to provide evidence that expands on this submission should the Committee move to hearings.