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Committee Secretary
Senate Standing Committee on Finance and Public Administration

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Dear Committee,

Thank you for the opportunity to make a submission to the inquiry into the Parliamentary Joint Committee on Public Consultancy and Services Contract Bill 2025.

The Australia Institute's research shows that government use of consultants can diminish public trust in the public service and hollow out the capacity for good decision-making.

It is appropriate for Parliament to scrutinise the procurement of consulting firm services, including:

- value-for-money,
- the quality and integrity of the work done by consultants,
- the motives of ministers and senior public servants for outsourcing work,
- the effect of outsourcing on public service capabilities, and
- whether work contracted to consultants would be better done by the public service.

The Australia Institute's research recommends greater parliamentary oversight of the use of consultants in Australia's public service, including using orders for documents to require consultants' reports to be produced.

This bill, which would establish a Parliamentary Joint Committee on Public Consultancy and Services Contracts, is a welcome step forward. It fulfills recommendation 11 of the inquiry into consulting services.ⁱ

The proposed committee would consider and report on contracts referred by either house of Parliament, or the relevant minister. Public consultancy contracts with a value of over \$2 million would be mandatorily referred.

Either house of Parliament would have the opportunity to "disapprove" a contract after it is approved by the committee, somewhat analogous to the "Disallowance" mechanism for delegated legislation.

These reforms would improve transparency and parliamentary oversight of consultancy contracts.

Though contracts above \$2 million in value would be mandatorily referred, smaller consultancy contracts can also have a real impact on government policy and even public debate.

If the committee is established, I would recommend the Parliament refer contracts of any monetary value when they could have serious policy implications. For example, the Boston Consulting Group report into AusPost "only" cost \$1.3 millionⁱⁱ but it affected a crucial public service with billions of dollars in revenue and a workforce in the tens of thousands.

I have attached three reports that may assist 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.

The Australian Government and the public service have become excessively dependent on consultants, at the expense of frank and fearless advice and state capacity.

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.

Shields, Adhikari, Campbell and Browne (2023) *Consultants: corrosive and conflicted*

This report, a submission to a New South Wales parliamentary inquiry, makes a number of recommendations to strengthen government and parliamentary oversight over the use of consultants in the state that can also be applied at a federal level.

Recommendations relevant to this inquiry included issuing a standing order for papers for the production of consultant reports and advice, and considering whether consulting firms could be called before Budget Estimates when they had undertaken government work.

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

Regards,

Bill Browne
Director – Democracy and Accountability
The Australia Institute

ⁱ Ravlic (2025) *Colbeck committee bill goes to an inquiry*, <https://www.themandarin.com.au/298999-colbeck-committee-bill-goes-to-an-inquiry/>

ⁱⁱ Wootton (2021) *Senate scrutinises BCG's \$1.32m AusPost work*, <https://www.afr.com/companies/professional-services/senate-scrutinises-bcg-s-1-32m-auspost-work-20210504-p57onz>