

**INQUIRY INTO NSW GOVERNMENT'S USE AND
MANAGEMENT OF CONSULTING SERVICES**

Organisation: Icen
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Submission to inquiry into NSW Government's use and management of consulting services

Online submission

Dear Abigail Boyd MLC,

We welcome the Public Accountability and Works Committee inquiry and I am writing to submit my views and recommendations, representing Iceni, a consultancy firm that aims to disrupt the traditional consulting sector and promote ethical and effective management consulting practices in both state and federal government.

Introduction

Iceni is a local, women-owned business delivering a better breed of consultancy. We do management consultancy ethically, by generating profit solely through purpose-led work, and reinvesting that profit into our people and our community through philanthropy.

We aren't like the larger consultancies. When you spend money with us, you're investing in public value outcomes, retention of public money in the local economy, your community, and in women business owners.

Given recent events NSW Government is clearly rethinking its relationship with the consulting industry, and through public sector reform, taking accountability for its part in these issues. We applaud the measures, and the assignment of so many talented women to the internal transformation work.

NSW Government's purchasing power is significant enough to dramatically reshape the local consultancy market for the better. However, without careful and mindful market planning, government could also inadvertently remove smaller, local players. This would have the perverse impact of strengthening the big fours' hold on government consultancy expenditure.

We call upon NSW Government to define the new market it seeks, and the sort of companies it wants to see thriving in it – those that seek to rebuild government capability through business activities that align with government and public values.

It is our view government must establish a playbook to address the challenges that smaller, pro-social, women and minority-owned business face in winning government work, so that government can deliver more innovative outcomes



for Australian communities, and permanently stamp out unethical consultancy practices.

Response to the inquiry's terms of reference

Our response to relevant lines of inquiry set out in the Committee's terms of reference are set out below:

a) the setting and enforcement of procurement policies

NSW Government should consider:

- Setting targets for agencies to buy from consultancies that deliver against the government's vision which could be set against the UN's *17 Sustainable Development Goals*.
- Clarifying and dismantling the barriers that small and micro, pro-social, and women-owned businesses face to working with the government - past efforts have been inwardly focused on 'reducing red tape' rather than pinpointing shared barriers for resolution.
- Rethinking procurement processes to allow market response at the problem identification stage, rather than to solutions generated and carved up by agencies. This will go a long way to more equal sharing of risk between agencies and consultants.

b) the transparency of work undertaken by consultants, and the accountability of consultants for this work

NSW Government should consider:

- Asking management consultants to sign up to an accord or pledge publicly committing to increased transparency and self-monitoring and reporting, and incentivising participants through procurement mechanisms such as targets, access to select tender processes, or increased sole-source ceilings.

c) the adequacy of agency classification, reporting on and disclosure requirements for the use of consultants,

d) whether consultants are being used strategically and in a way that delivers value for money, and

g) integrity and transparency obligations of NSW Government agencies in relation to their use of consultants

NSW Government should consider:

- Increasing value oversight by expanding the data gathered and publicly reporting on consultancy contracts to measure and report the value being delivered, rather than focusing on deliverables,



financials and duration, so that the impact of government buying on the consultancy market can be monitored.

- e) the management of and measures to prevent conflicts of interest, breaches of contract or any other unethical behaviour

NSW Government should consider:

- Establishing a code of professional conduct tailored for management consultancy engagements, and publicising companies who have signed up.
 - Requiring greater transparency from consultancies of their clients and projects, which is both easier for smaller, local consultancies to provide, and for government agencies to identify potential conflicts of interest.
- i) enforcement actions that have been taken previously, and the adequacy of existing legislation to support integrity agencies to investigate and enforce penalties

NSW Government should consider:

- Documenting significantly clearer definitions and examples of breach of ethical practice to resolve the broad spectrum of understanding across the public service, management consultants, the media and public.

Our strong recommendation – create a playbook

The large consultancies have significant enough financial resources to use this pause in government consultancy spend to their advantage – by consolidating their presence, diminishing competition, and ultimately creating a less diverse and innovative consulting market in the longer term.

NSW Government has an opportunity to mitigate this risk of being outmanoeuvred by designing a new consulting market that aligns with its vision and economic outcomes, and a comprehensive playbook can guide this transformation and address the continuity challenges facing we smaller market players right now.

What it should cover:

- **Clarify a vision for the consultancy market:** articulate a clear vision for the Australian government consultancy market, specifying the type of consultancies that should thrive within it. This will provide guidance and direction for the industry.
- **Coordinate mission across government levels:** collaborate across state and federal governments to achieve a shared vision for the consultancy



market. Coordinated action will ensure effective implementation and minimise fragmentation.

- **Set and monitor targets:** establish targets for agencies to procure from consultancies that deliver against the government's vision, potentially linked to the 17 Sustainable Development Goals. Additionally, identify and address barriers that hinder the participation of small, pro-social, and women-owned businesses.
- **Increase contract entry requirements:** require consultancies to provide greater transparency regarding their clients and projects. This information will facilitate evaluation of potential conflicts of interest and promote accountability.
- **Increase oversight:** expand the scope of data collected on consultancy contracts, focusing on measuring and reporting the value delivered rather than solely on deliverables, finances, and duration. This shift will enable the monitoring of the impact of government purchasing decisions on the consultancy market.
- **Make capability building a requirement rather than an add-on:** consultants should be working with organisations rather than for them. When work is done in partnership, capability building becomes part of the process as the core issues driving organisational problems are identified through facilitated discussions, solutions are co-designed and tested with leadership and staff members, and individuals are part of these process which allows them to take their learnings into their next piece of work.
- **Disrupt the procurement lifecycle:** reimagine procurement processes to allow market response at the problem identification stage. By involving consultants in the early stages, agencies can benefit from their expertise and encourage a more equal sharing of risk.

I would be delighted to attend the Public Accountability and Works Committee to elaborate on any of the points raised in our submission.

Thank you for considering our submission. We look forward to the opportunity to discuss our ideas further and contribute to the inquiry's objectives. Please do not hesitate to contact us if you require any additional information.

Yours sincerely,

Georgina Legoe
Founding Partner, Icen

