

NSW government spends more than \$1.4b on consultants since 2011

SMH 26 June 2018

Lisa Visentin

The NSW government has tipped more than \$1.4 billion into the pockets of private consultants and spent almost \$500 million on its temporary workforce since coming to power in 2011.

The multibillion-dollar spend on private sector contracts comes as the government has repeatedly cut its own departments and reduced the size of the public-sector workforce for five consecutive years.



*Finance Minister Victor Dominello said the spending on consultants was justified.
Photo: Orlando Chiodo*

Following last week's state budget, the public sector will have to find about \$1.6 billion of savings over the next four years, after the government increased the annual efficiency dividend on the public service from 2 to 3 per cent.

Finance Minister Victor Dominello said the spending on consultants was justified as the government had pursued an "unprecedented level of reform" while in office.

"Given the complex nature of these reforms, external advice and expertise from outside the public sector is often required, to ensure we secure the best outcomes for NSW citizens," Mr Dominello said.

Top tier consultancy firms accounted for about one third of the government's \$4.4 billion spend in the private sector between 2011 and 2017, according to a list of top 20 organisations awarded the most lucrative government contracts over the six-year period.

Deloitte topped the list with more than \$375 million worth of contracts, while PricewaterhouseCoopers was awarded the most work, securing 218 contracts worth \$163 million over the six years.

The data, obtained by the Labor opposition under freedom of information laws, comes off the back of a NSW Audit Office report, released in December, which found government agencies [overspent their initial allocation for contractors or consultants by \\$250 million](#).

The data also indicates the size of the windfalls secured by consultants in connection with signature government policies.

For example, the decision to sell the lease of the [NSW Land and Property Information register for \\$2.6 billion](#), netted KPMG a single contract worth \$6.2 million for a project called "Phase 2 of the LPI separation implement".

KPMG pocketed a further \$346,000 for a "separation planning adviser" contract and \$400,000 for a "tax adviser" contract for the LPI project.



Clayton Barr accused the government of "buying secrecy". Photo: Jonathan Carroll

Labor's finance spokesman Clayton Barr accused the Berejiklian government of using consultants to "buy secrecy".

"You pay for the answer you want, regardless of the truth. Any report that is handed down, whether it is into stadiums or transport [policy], it buys them secrecy," he said.

"All of the big ticket items have these reports done into them. They won't table a single report from the private sector."

One recent report which stoked enormous controversy was done by KPMG into council amalgamations. It formed the basis of government's justification for its policy of statewide council mergers.

According to the data, KPMG was paid \$400,000 by the Department of Premier and Cabinet for a contract listed as "local government reform".

The government refused to publicly release the report in its entirety, claiming public interest immunity. It subsequently spent millions of dollars fighting numerous councils through the NSW court system, before abandoning the unresolved mergers in February last year.

The data also revealed the government has spent more than \$475 million on temporary workers since 2011, awarding contracts to Paxus (\$163 million), Hays recruitment (\$101 million), Talent International (\$123 million) and Peoplebank (\$87 million).

Mr Dominello said the government relied on external workers to assist its permanent workforce "during periods of increased demand or when specialist skills are required for complex projects".

But Mr Barr questioned whether the government was getting a justifiable return on its money, arguing that a sizeable portion of it would be "sliced off on the way through by the recruitment agencies".

The NSW public service has shrunk annually for the last five years, from 332,555 full time equivalent positions in 2012 to 325,917 in 2017, according to the Public Service Commission.

However, the government has boosted frontline workforce numbers, including teachers, police and nurses over the same period.

<https://www.smh.com.au/politics/nsw/nsw-government-spends-more-than-1-4b-on-consultants-since-2011-20180626-p4znre.html>