

**Commonwealth Department Consultancies:  
Oriented to Programme Content or Corporate  
Services?**

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**Refereed paper presented to the**

**Australasian Political Studies Association Conference**  
**University of Adelaide**  
**29 September – 1 October 2004**

The purpose of this paper is to contribute to an understanding of the nature of the work undertaken by 'external consultants' in the public sector. The concept of consultant is that of independent provider of 'expert advice'. The connotations of expertise, professionalism and independence are now widely exploited, so that in everyday commercial life the label 'consultant' is often attached to staff providing routine information (eg phone operators, sales persons). Within the context of politics and government, the term is used more selectively to refer to personnel and entities that purport to have expertise in some area, are approached by a unit of government for advice, are external to that unit, and are paid for the advice. Some of these entities draw their primary income from the provision of advice; others draw their main source of income from another activity (such as employment by a university or 'peak' organisation). Consistent with the practice of Commonwealth departmental reporting on the use of external consultants, both types of advisers are covered by the term 'consultant' in this paper. In the academic literature, however, there is a pronounced tendency to equate 'consultants' with the former type only. While this type is the more recent to emerge and therefore the more interesting, it is presumptuous to conclude that the second type is insignificant.

This paper seeks to advance the academic literature on the role of external consultants in the public sector in two ways. First, the paper seeks to move beyond the 'policy/management' dichotomy often employed in the literature to a distinction between consultancies oriented to 'programme content', on the one hand, and 'corporate services' on the other. Second, it seeks to supplement the qualitative nature of most of the existing literature by an extension of the quantitative approach previously pursued by the author.

**Consultants and the Public Sector: some directions in the academic literature**

From around the late 1980s there has been awareness at the media, community and political level of the increased use of external consultants by the public sector. In Australia parliamentary enquiries led to the introduction of official guidelines on the use of consultants at the Commonwealth level and in most states. In the United Kingdom, a somewhat similar development took place in the early to mid 1990s. Within the academic field of public policy and public sector management the increased use of external consultants was the subject of passing comment from the early 1990s. In the past five years more concerted studies have emerged, the most detailed being those of the Canadian political scientist Denis Saint-Martin. In the international literature, most attention has been paid to the role of 'management consultants' and the question of their influence over policy. Indeed there has been a tendency to use the terms 'consultants' and 'management consultants' interchangeably, a practice which fails to recognise the diversity of consulting across the whole range of public sector activity. In the same international literature, there has also been a tendency to equate consulting with 'large firms', notably the

international management firms such as McKinsey and the Big Six (now Four) accounting consulting firms. Again, this practice fails to recognise the diversity of size of entities paid as consultants to government. The empirical analysis in this paper draws attention to the limitations of a focus solely on management consulting and the largest firms.

*Explaining the rise of external consultants in the public sector*

Before citing some of the recent contributions to the analysis of the role of consultants in management and policy, it is worth noting some of the explanations given by academic commentators for the greater use of specialist advisers by the public sector. In doing so I will add my own reflections on the way in which this phenomenon can be related to wider debates about the factors shaping the shift to a neo-liberal state over the past two decades.

In the business as well as public management literature, there are both prescriptive and empirical accounts of the role of external consultants. As a generalisation, it might be said that these accounts fall into two camps. The first tends to portray the consultant as enlightener, and has both an empirical and prescriptive bent. The client (in the public sector, a minister or bureaucrat) wishes to add to in-house knowledge and outlook but in a way that is cost-effective. Expertise is created in-house when it is required on an on-going basis but tapped via consultancies when it is only required sporadically. In this vein the role of the outside adviser is to inform, enlighten and even perhaps independently evaluate. The second camp, one informed by empirical studies and more inclined to look for 'sub-texts, tends to portray the consultant as legitimator. Here the ostensible expertise and independence of the outsider is used in order to help legitimate a prior in-house decision<sup>1</sup>. This second account also tends to look for other possible 'sub-texts'. Perhaps the consultant is used as a less transparent alternative to public consultation or to provide a convenient delay in decision-making. In the era of smaller government rhetoric, perhaps the unspoken purpose is to create the illusion of a reduction in the size of government. Or perhaps the client goes outside simply because they are lobbied and 'conned' by professionals dependent on income from consulting. Both versions have some purchase and reflect different shifts within the recent history of the public sector, as well as different views of why these shifts have occurred. The empirical patterns set out below in regard to market share and official 'justifications' for particular consultancies do not directly test the theory of consultant as enlightener and consultant as legitimator. But they do enable some inferences.

In assessing these accounts, it is valid to contrast the 'modern' public sector, characterised by a near-century of profound growth in size from 1890 to 1980, with the 'contemporary' public sector, characterised by near stagnation in growth in size since 1980. In the literature on management consulting, the modern public sector is often characterised as dominated by hierachial, inward-looking and inflexible bureaucracy. The contemporary public sector, on the other hand, is depicted as moving to a much more porous and flexible relationship between in-house resources

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<sup>1</sup> Telling evidence for this view is the testimony of leading management consultants interviewed by Grant O'Neill for his PhD on Nick Greiner's approach to government (O'Neill 1997: 138, 212)

and outside personnel. The shift from centralised bureaucracy to flexible networks is said to reflect the shift in the nature of the economy, from an industrial, nation-based era to a post-industrial, more globalised one. The rise of commercial consultants is thus an outcome, as well as a catalyst for, wider underlying changes in the economy. There is much weight in this account but the debate surrounding it needs to be delineated further in order to better signal the duality of roles played by outside advisers in the contemporary era.

The resort to external expertise is not something that came into being with the contemporary public sector. Resort to outside advice was evident in the modern public sector and for both the motivations noted above. In the Depression and the Second World War governments in Australia turned to outside experts for advice in times of crisis. At other times governments turned to commissions of enquiries for 'breathing-space' (the sub-text motivation). At the same time, it is true that seminal events such as the 'total war' of 1942-5 did give rise to an in-house post-war 'bureaucratic ascendancy', not an ascendancy of outside advisers and pressure groups.

Three decades into the post-war era this bureaucratic model of the mixed economy and the welfare state came under challenge, from both the left and the right. The eventual result was some diminution in the 'bureaucratic ascendancy'. On the left, in the context of social experimentation in the late 1960s in the direction of greater personal autonomy, came calls for diverse social groups to be given greater consultation or representation in decision-making. On the right, in the context of the economic crisis of the mid 1970s, came calls for reductions in the size of the public sector. Both left and right agreed on the need for greater efficiency, the left looking for technocratic solutions and the right for techniques that were more explicitly associated with stereotypes of the private business firm and private commercial markets.

Which of these two perspectives proved more influential in shaping internal changes to the public sector since the late 1970s? The dominance of the neo-liberal critique is self-evident but the influence of the 'participatory' social democratic critique, and its reflection in the data on consultants set out below, should not be dismissed. As a sign of this, it was the Whitlam government, as detailed below, whose practices first sparked the attention of the Public Service Board in the issue of 'consultants'. (Howard 1996a: 63).

The critiques of modernist bureaucracy from the left and the right have given rise to competing accounts of why the diminution in the bureaucratic ascendancy actually eventuated. Some analysts (drawn from both right and left perspectives) have argued that the shift to greater use of market mechanisms within the public sector was the result of 'bottom-up' structural pressures, not just economic and technological but social as well. Others have argued that the shift had more to do with 'top down' political mobilisation by vested interests, who saw an opportunity to exploit changing social and economic conditions.

The literature on consultants in the public sector contains both perspectives. Some

evidence that the growth in 'supply' of consultants stemmed from changes in underlying social preferences can be found in the work of the Australian sociologist Bill Martin. Martin (1993) has characterised the consultants he interviewed in the early 1990s (principals of small firms) as quintessentially 'post-modern'. They did not seek to align their work patterns with one organisation, they built their reputation on knowledge derived from a unique pathway of projects, and they prized the autonomy to pick and choose projects that suited their lifestyle, values and search for identity.

But why did 'demand' by government for the services of outside advice grow? Was it because of a social democratic impulse to refresh and enrich bureaucratic thinking (embodied in the Coombs Commission of the Whitlam era)? Or was it due to pressures from specific vested interests (albeit ones that some would also portray as 'epistemic communities'). This latter view is endorsed by another strand in the literature on consultants. According to Saint-Martin, Christopher Pollitt, Christopher Hood and Jonathon Boston were three prominent political scientists in the early 1990s who saw the push to marketisation as driven primarily by the vested interests of the 'consultocracy', those large firms that stood to gain big fees (Saint-Martin 2001: 7-24). In this view the consultocracy was but one arm of a wider 'privatisation complex' of large firms in business service sectors, all of whom stood to gain from the transaction costs of implementing commercialisation and privatisation. This view is one shared by a wider range of labour movement and political economy researchers (eg Whitfield 1992; Martin 1993),

Both of these two perspectives on the factors shaping the shift to a neo-liberal state perspectives - bottom-up social preferences and top-down commercial interests - might be said to find some validation in the data on market share set out in Howard (1997) and in this paper.

### *Management and Policy Consultants*

Three questions underlie the more concerted focus on consultants in the public administration literature since the mid 1990s. Is consulting that purports to be concerned with management more prevalent than consulting that markets itself as oriented to policy development? Does consulting on management end up having an influence, directly or indirectly, on policy? Is consulting that does have some influence on policy beginning to rival or overshadow the influence of in-house staff or traditional sources of outside influence, such as lobbying by pressure groups.

John Hamilton-Howard (2000) has provided a helpful overview of the public sector 'consultant market' in Australia based on his direct experience. The author commences his conclusion thus:

'The trend towards greater use of management consultants is growing. More and more, governments are seeking specialised and expert input into the processes of policy formulation, implementation and review of performance' (Hamilton-Howard: 2000: 16).

His article begins by pointing to the 'growing market for (external) professional services' within government and illustrates the wide ambit of professional services

with a list of different types of service (eg audit, accounting and taxation advice; legal services). Of the eleven areas of services listed, the service most redolent of a policy orientation is 'management strategy, management development and training'. The central section of the article deals with the development of 'management consulting' with Hamilton-Howard observing that

'Most practising management consultants say that they are involved in the review, development and implementation of strategy. This may involve assistance in the preparation of a plan, an organisational restructure, branding and positioning in the market, an advice on specific aspects of implementation, such as leadership and team-building.' (Hamilton-Howard 2000: 10)

But is 'consulting to management' on 'strategy' the same thing as consulting on 'policy'? The author does not pose this question but there is a fairly clear indication the author sees them as separate. In a separate short section on 'policy research' that precedes the section on 'management consulting' Hamilton-Howard notes that

'In recent years there has been an emergence of firms specialising in the provision of advice relating to

- economic and social research and analysis
- public policy analysis and review in a range of policy areas' (Hamilton-Howard 2000: 9)

The author observes that players in this type of advice include emerging capabilities within traditional technical consultancies (such as engineering and planning firms) and firms established by former public servant policy specialists. He adds, however, that 'the management consulting firms have also entered into this area of advisory work'. In other words, 'management consultants' might do some but not most of their work on policy advice. The overall effect of Hamilton-Howard's article is to draw attention to management, not policy consulting.

But in what sense does at least some consulting on management issues amount to input on policy? In radio interviews with the ABC *Background Briefing* program John Warhurst and Mark Considine have both noted that as the large consulting firms have moved from consulting on a wide range of management issues to participation in contracting-out and outsourcing, the sheer breadth of their contact with officials and higher political levels must give them some influence over policy. To Considine, their role in fleshing out ideas into implementation sees them displacing some previous and more transparent modes of policy formulation such as Green Papers (Correy 1999).

In Australia other scholars and commentators have paid more attention to the phenomenon of individuals or firms specialising in 'policy consulting'. In his PhD (1995) and subsequent book (2000) John Martin documented the role of the external adviser in five major policy reviews in the 1980s. In all five of his case studies, however, Martin's consultant was a historically familiar figure - the individual expert (in four cases an academic), not a commercial firm making a living from consulting. But, as Hamilton-Howard noted, the individual outside policy 'expert' has of late been joined by the specialist consulting firm. Thus Helen Dent (2002), Geoff Hawker (2001) and Russell Ayres (2001) have pointed to firms such as Allen

Consulting, Access Economics and ACIL as firms specialising in broad policy advice (in these cases, micro-economic policy advice).

Both of the PhD's of Martin (1995) and Ayres (2001) can be read as providing evidence of the increasing importance of outside policy 'consultants' but neither argue that these external entities have displaced in-house policy advisers as the prime source of influence on policy formulation. Martin's five case studies do not amount to evidence that in-house policy staff were rejected or sidelined. The cases show Ministers with a strong sense of policy direction, deciding to tackle overt or latent opposition in the community by using the aura of the outside independent 'expert' to legitimate and further develop their agenda. They also show these outsiders performing this role with skill. But they do not show a bureaucracy, including the most senior levels, opposed to Ministerial directions in the first place (Martin indeed implies, though does not document, that the opposite was the case). In at least one of the policy reviews in-house staff worked closely and enthusiastically with the outsider. At various points Martin observes that the 'administrative elite' continue to 'have an enduring and profound impact on the policy-making process' (Martin 1995: 89) and that it is too early to assess whether a radical shift has occurred in the system of policy-making.

Similarly, in his PhD (2001) on the extent of development of 'policy markets', Ayres concludes that while the market model has emerged as a 'serious option' for organising the policy process and is gaining in importance, it is still a 'third force', less important than practices associated with bureaucracy and networks. Indeed some practices that have the appearance of market characteristics (eg contracts) might well function in ways that consolidate bureaucracy and networks. In his case study on Access Economics, Ayres endorses the view of Access principals expressed in his interviews that in terms of direct provision of policy research and advice to departments this high-profile economic policy consulting firm has supplemented, not supplanted bureaucratic in-house policy capacity. As with Martin and Ayres, so too Warhurst and Considine: the large consulting firms are gravitating to policy influence but they are still a B team, relative to the 'A team' of traditional 'top business leaders', 'media barons' and other elites.

These perspectives among Australian analysts are consistent with those developed further afield by the Canadian political scientists Denis Saint-Martin and Herman Bakvis. Both have emphasised the breadth of the consulting activities of the large firms in regard to public sector management, the emergence of claims about expertise in 'policy' and the growth in contacts at the political level. Saint-Martin has also shown in detail that the firms were of the first importance in the promotion and implementation of 'managerialism' or 'administrative policy' in the UK in the 1980s (Saint-Martin 2001; 1998a,b). But how important is 'administrative policy' in the overall scheme of things? In one sense, it is of fundamental importance, since in the sense Saint-Martin uses the term it encompassed policies such as contracting-out, user pays and even privatisation that had a strong ideological character. Studies that go some way towards documenting the real policy impact of the firms in areas such as privatisation (Whitfield 1992; Walker and Walker 2000; Howard 1994) are not hard to find. Christensen's case study of the introduction of accrual accounting in NSW in

the late 1980s is a particularly strong case documentation of seminal influence over policy (Christensen 2003).

In another sense, however, neither Saint-Martin or Bakvis attempt to argue that these firms were of first order importance in other equally or more important dimensions of policy. They were not seminal in regard to the overall level of expenditure, taxation and debt (macro-economic policy) or, within particular sectors, the level of spending, the population groups to be targetted or the types of intervention (eg treatment or prevention services in the health field). As Saint-Martin sums up:

‘The first issue relevant to democracy is that of ‘consultocracy’. Are consultants increasingly usurping the power of elected officials by bringing into their sphere of expertise matters that they define as managerial but that are, in fact, political. Most of the time they probably do not. However well developed and powerful their internal organisational resources, the degree of influence that management consultants exercise on the way the state is managed is largely determined by the political process. As our cases have shown, this sometimes imposes severe limits on the capacity of management consultants to shape policy.... But this cautious assessment does not mean that management consultants have no impact on the democratic process’ (Saint-Martin 2001: 206)

### **Programme Content and Corporate Services**

As foreshadowed above, this paper seeks to contribute to an understanding of the type of work undertaken by consultants, by modifying the policy-management dichotomy and applying this framework to a large body of quantitative evidence. The academic study of public administration has long wrestled with the question of how much influence over policy is exerted by the act of management and implementation. Is policy limited to the highest level documents or decisions? Or is it the also the way broad principles are implemented in the form of major programme and project development, or indeed in the further articulation of minor projects. Rather than policy and management, this paper uses the distinction between ‘programme content’ and ‘corporate services’. Here ‘programme content’ has a similar but somewhat broader meaning than ‘policy’. It does refer to policy concerns – that is, concerns over the purpose and substance of departmental or departmental-funded activity. But its ambit is not only the design of the broad portfolio or of major programmes but also the substantive content of major projects, and even minor projects, within programmes. It takes account of that part of the role of the manager that does entail influence on purpose and substance of activity. ‘Corporate services’ on the other hand, refers to those support services eg organisational structures, human resource management, financial management, IT - that provide the administrative infrastructure for the design and delivery of programmes. This still leaves the question of how much influence over programme content can flow indirectly from corporate services. But that secondary question is one for another occasion.

‘Programme content’ is a less controversial and more open-ended term than ‘policy’. It is especially appropriate when trying to characterise the work of entities deemed

by departments (in compliance with the Procurement Guidelines) to be providers of expert advice. Expertise is, by nature, applicable to matters specific, not general. Yet we still want to know in what realm, broadly speaking, does the expertise lie - does it relate to the content of programmes or to their administrative underpinnings? The paper does go a considerable way to settling this issue. We also want to know how relatively significant the specific matter is. Can we distinguish between specific matters that bear on pivotal aspects of a programme and ones that bear on lower levels of importance? This paper does not deal primarily with this question, though in its concluding section it does affirm that most of the consultancies deemed to be oriented to 'programme content' were not dealing with minor projects or trivial aspects of content within programmes. Finally, we also want to know how significant is the work of consultants relative to in-house staff or to other, unpaid outsiders - such as peak lobby groups or broad-brush ideological 'think-tanks'? The data in this paper cannot answer this question directly. But at least the data on the level of concentration of market share do provide some pointers to this issue.

### **Previous quantitative evidence**

Several of the contributors mentioned above (eg Hamilton-Howard, Helen Dent) draw on their direct experience of the consulting scene. None of the contributors however attempt to engage in some sort of quantitative analysis of these questions, though Ayres bases his thesis on a series of interviews (77 in all) with Ministers, senior public service executives and consultants, plus three case studies. The purpose of this paper is to shed some light on these two questions by undertaking quantitative analysis of raw data on the use of entities designated by Commonwealth government departments as 'external consultants'.

The term 'consultant' first seems to have emerged in public service circles in the hectic years of the Whitlam government, with its practice of tapping outside personnel to supplement public service thinking. The Public Service Board first issued guidelines in 1974 and from 1978 these Guidelines carried the implication that the term referred, more specifically, to providers of advice on professional and technical matters. This was explicitly spelt out in 1990 in in DAS Procurement Guideline 13.

Since 1987 Commonwealth departments have been annually required to make public details on their use of external consultants. Drawing on this data and data collected in response to a Question-on-Notice in the House of Representatives in 1985, the author showed that reported use of consultants, relative to the numbers and cost of in-house staff, had increased in a very pronounced and comprehensive fashion across departments in the decade to 1994 (Howard 1996 a, 1996 b). A follow-up study along the same lines has not been undertaken but limited investigations indicate that the shift documented to 1994 has continued. Hawker (2001) has aggregated departmental figures for the following five years and has concluded that spending did plateau in the mid 1990s, then resumed an upward direction. The Federal Opposition has also aggregated departmental totals and claimed that spending has continued to increase substantially, the total spend since 1996 now exceeding \$2 billion (eg Canberra Times, 2003)

Drawing on a database of over over 9,000 consultancies spread across 14 Commonwealth departments within the 1987-93 period, Howard (1997) also analysed the market share of consulting entities. At one extreme, the top 1% of consulting entities (36 in all) received 36.9% of consultancy expenditure and the top 5% (182 in all) 60.1%. Within the top 1% the Big Six accounting firms (Price Waterhouse, Coopers and Lybrand etc) received 8.7% of total payments. At the other extreme 64% of consulting entities carried out only one consultancy and these 'one-consultancy' entities received only 18.7% of consultancy income. A further 17% of consulting entities did two jobs and received 12.1% of income- meaning that 83% of the entities received only 30.8% of income. It is tempting to see this long-tail as constituting Bill Martin's post-modern identity seekers and the small head as in part comprising those leading firms, such as the Big Six, that form part of the 'consultocracy' promoting and lending momentum to managerialism and commercialisation. It is also possible to envisage some or many of the small operators as the 'children' of commercialisation, staff who sought redundancies through a mix of choice and coercion.

The article on market share (Howard 1997) also contained some preliminary analysis on the 'type' of consultancies undertaken. This earlier work was only the second attempt to classify public sector consultancies in Australia<sup>2</sup>. (The first attempt was a survey conducted by the Office of Public Management in NSW in 1989, at the request of the NSW Auditor-General). This paper seeks to categorise the consultancies listed in the Annual Reports of three Departments for the years 1988/89 to 1992/93. 1988/89 has been used as the starting year because some departments (including DEET) did not fully comply in 1987/88. The three departments analysed for this paper were Community Services and Health (DCSH); Employment, Education and Training (DEET); and Industry, Commerce and Technology (DITAC). These three departments were selected from the 17 'super-departments' created in July 1987 because they represented a mix of economic and social activity areas. As will be seen below, they were also not at either extreme of the range of spending on consultants across all 17 departments.

The titles of these departments changed somewhat during the period, as did the areas within each portfolio, but not in fundamental ways. The two main changes were as follows. First, responsibility for 'residential construction' was transferred from DITAC to DCSH in June 1991 ('non-residential construction' stayed with DITAC). With DCSH already having responsibility for social and financial aspects of housing policy, this transfer led to DCSH being re-titled Health, Housing and Community Services (HHCS). Second, in March 1993, DITAC gained responsibility for 'regional development' (from another department DILGEA) and an associated name change. At the same time DCSH gained 'local government' (also from DILGEA) and an associated name change while DEET lost some responsibilities in relation to Aboriginals and TSI (to PMC). These reshuffles of June 1991 and March 1993 would have involved only a small number of consultancies, so no 'adjustments'

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<sup>2</sup> That survey used a classification different to those employed by the author in 1997 and in this paper. Because the raw data was not available, the OPM findings cannot be recalculated to provide a comparison with the author's findings.

to align with departmental responsibilities for earlier years were made to data in the tables below.

In toto over the five year period the three departments commissioned 3,538 consultancies that individually exceeded \$2,000, at a total cost of \$144.36 m. (This paper does not analyse consultancies under \$2,000 as they were not required to be itemised in Annual Reports from 1991/92 on. The total value of these small consultancies was only around 1% of total spending on consultancies). DCSH had the highest average expenditure per consultancy (\$63,552) while DITAC had the highest ratio of spending on consultants to spending on in-house staff (8.44%).

**Table 1: Consultancies Commissioned: Number and Expenditure  
1988/89 - 1992/93**

	No.	Expenditure (\$'mill.)	Aver. Cost of Consultancy ('000)	% Spending on Consultants/ In-House Staff
DITAC	643	27.028	42,034	8.44
DCSH	822	52.240	63,552	4.59
DEET	2073	65.092	31,400	3.71

Compared to the other 17 departments in the same five year 1988-93 period, the amount spent on consultants by these departments was somewhat above average: DCSH was the fifth highest, DEET the fourth highest and DITAC the ninth highest. In terms of this spending as a percentage of spending on in-house staff, DITAC was the sixth highest of all Commonwealth departments, DCSH the seventh highest and DEET the eleventh (data on one of the 17 departments, DAS, is not available).

For this paper all 3,538 consultancies undertaken by the three departments were coded for 'type' of consultancy. The coding of each consultancy was based on the description of the project. Across the 3,538 consultancies the average length of the consultancy description was 14.6 words.

### Coding

For this paper the following eleven part classification was used:

#### Types of Consultancies

<i>Programme Content</i>	
1.1	Programme Context Research
1.2	Programme Research
1.3	Programme Review
<i>Corporate Services</i>	
2.1	Programme Administration: Research
2.2	Programme Administration: Review
2.3	Programme Administration: Implementation
3.	Training
4.	Programme Communication
5.	Information Technology
6.	Information Systems
7.	Other

This classification is a revised version of a classification presented in an earlier paper which briefly examined DEET and DCSH for part of the period examined here

(Howard 1997: 91-94). Because of the relative brevity of the project descriptions and the consequent arbitrary element in coding, for this paper all the consultancies coded in the previous paper were recoded, this time in order of their original code, not their haphazard order in the Annual Reports. This made it easier to see anomalies in the original coding. As a result, approximately 6% of primary codes were altered; in addition, much more use was made of a 'secondary' code than in the earlier coding.

Overall, it was very rare to find difficulty in deciding whether a consultancy was, on the one hand, somewhere within categories 1 and 2 or, on the other hand, somewhere within the categories 3 through to 10. The chief difficulties arose in choosing between codes within 1-2. Where there was ambiguity, consultancies were given a secondary code. This was done in the case of 12% of all consultancies (n=458). As the shaded cells in the following table indicate, the most numerous of the secondary codes involved consultancies that straddled 1.1/1.2 (or vice versa) and 1.2/1.3 (or vice versa). It was also difficult often to choose between 1.5 and 1.6, but this was less important to the central question of the paper – how 'policy oriented' were consultancies? – so secondary codes were not entered as frequently as they could have been. While these secondary codes should be noted, they were not taken into account in constructing the tables later in the paper.

**Table 2: Consultancies Given Secondary Code**

Primary Code	Secondary Code											No Sec. Code	Total	
	1.1	1.2	1.3	2.1	2.2	2.3	3	4	5	6	7			
1.1		83				2							261	346
1.2	48		57	5	14	12	3	10		1			575	725
1.3	7	55			21	3	3	5			1		487	582
2.1					2	1							8	11
2.2		11	20			4	2			3			227	267
2.3		3	3		2		1		2				228	239
3	1	3			3			5					515	527
4		16	4		1	6	8						215	250
5					2						9		494	505
6	1		1		1				13				49	65
7													21	21
All	57	171	85	5	46	28	17	20	15	1	1	1	3080	3538

The categories 1.1 to 1.3 were designed to identify consultancies oriented to the broad aim and objectives of programmes, while categories 2.1 to 2.3 were for consultancies more oriented to internal organisational structures and processes by which these underlying objectives would be pursued. Category 1.1 was used for consultancies oriented to the context of programmes, 1.2 for those oriented to

research into aspects of actual programmes (such as the characteristics of current programme users) while 1.3 was used for consultancies oriented to some form of evaluation or advice on the desirability of change to the purpose or substance of programmes.

To elaborate, category 1.1 was for consultancies that, on balance, seemed likely to be primarily oriented to research on the context or background of programmes, not to research or advice on the way programmes should be reshaped in the light of this context. The context might be social (changing demographics, needs or attitudes), economic (strengths and weaknesses of various industries, emerging investment and export opportunities) or scientific/technological. Such consultancies were presumably designed to assist the department to identify implications for departmental action but consultancies were coded 1.1 if it was not clear from the project description that the consultant was expected to tease out implications. In many cases the consultant very likely did offer some comment on implications for a departmental response; but it cannot be assumed that they did or that their comments were very specific.

Turning to the distinction between 1.2 and 1.3, a consultancy was coded to the former if it seemed to have more of a 'fact-finding' or 'discovery' orientation. It was coded to the latter if it appeared to have a primary orientation, or a distinct additional orientation, to advice about the appropriateness of programme objectives and hence issues about possible change to programmes. The use of terms such as 'advice', 'proposals', 'recommendations', 'options', 'evaluation', 'plans', 'develop', 'strategy' generally led to a 1.3 coding. The concepts of 'research' and 'review' overlap and the relative brevity of the description (an average 15.3 words for 1.2 and 16.1 words for 1.3 consultancies) sometimes made it difficult to discern which was more likely to be uppermost. Some consultancies ostensibly geared to research might, in practice, have entailed some recommendations for programme change in the light of the research; some consultancies apparently geared to broad re-assessment of programmes might have led to some form of new research. Accordingly, some consultancies were given secondary codes of 1.2 or 1.3.

Whereas categories 1.2 and 1.3 were oriented to the purpose or substance of programmes – who was to be assisted/regulated? with what type of assistance or regulation? to what ends? – the next three categories were for consultancies more oriented to internal administrative systems of the organisations carrying out these programmes. Thus 2.1-2.3 related to arrangements to do with human resource management, financial management and overall corporate management. Some of these consultancies involved corporate arrangements specific to programmes, others to department-wide systems. The distinction between 2.1 and 2.2 followed that between 1.2 and 1.3. 'Programme Administration – Research' was for consultancies oriented to 'passive' fact-finding while 'Programme Administration – Review' was for consultancies that appeared to require evaluation and recommendations for change to administration. Category 2.3 'Programme Administration – Implementation' was reserved for those consultancies that appeared to involve not advice on implementation but the actual carrying-out of implementation. The prime example of consultancies in this category was the provision of audit services (as

distinct from provision of advice on the re-design of an existing audit system). Activities in category 2.3 should not have been listed by departments as consultancies in the first place; they belonged in the DAS category of 'contracts of service', not 'contracts for service' (ie consultancies). The chief difficulty with the three 'Programme Administration' categories arose in deciding whether to code consultancies to 2.2 or to category 1.3.

The remaining categories were relatively straightforward and can be seen as coming within the ambit of corporate services. Category 3 was used for all training activities, even where the training was in IT (as it was in some cases). Some consultancies in this category involved training programme design but not delivery (a true consultancy); most, however, involved not only the design but also the conduct of the training (a mixture of consultancy and provision of a contracted service). Category 4 was reserved for consultancies entailing advice on how to publicise and communicate programmes to clients or the community. In some cases the project appeared to involve not just advice but implementation of the advice (the more expensive step). Coding to categories 3 or 4 was the easiest of all the coding for this paper. (The exceptions were consultancies that appeared to wholly or mainly involve initial market research into 'how to communicate' rather than an overall marketing plan; these were coded to 1.2 (with a secondary code of 4).

Category 5 was for consultancies involving advice on the purchase or use of IT hardware or software while Category 6 was for consultancies that, while quite possibly encompassing this, also seemed likely to entail some clarification of the data required to support programme objectives and administration. Not surprisingly, it was sometimes difficult to choose between 5 and 6. In both codes some consultancies appeared to involve not only advice and design but implementation. Category 7 was used where the description of the project was obscure.

### **Overall mix of types**

Table 3 summarises the composition of consultancies by code (ie type) for the three departments for the 1988-93 period, in terms of both number of consultancies and payments by the department for the consultancies. It shows that the three type 1 categories constituted 46.7% of the total number of consultancies commissioned by the departments. This was a much higher proportion than the type 2 categories (14.6%) or the combination of types 3 and 4 (22.0%) or 5 and 6 (16.1%). Similarly, it shows that the three type 1 categories constituted 53.0% of dollar expenditure by the departments on all consultancies. This was a much higher proportion than the type 2 categories (11.1%) or combinations of types 3 and 4 (19.7%) or 5 and 6 (16.0%). In other words, around half of the number and cost of the consultancies commissioned by these departments were oriented to substantive programme content, not to corporate services underpinning these programmes.

The table also shows the % share and rank of each category for both number and cost of consultancies. Type 1.2 (Programme Research) had the highest rank on both counts, with 20.5% (n = 725) of the number and 21.8% (\$31.4m.) of the value of consultancies. Type 1.3 (Programme Review) had the second highest rank on both

counts, with 16.4% (n= 582) of the number and 19.7% (\$28.5m.) of the value of consultancies. This reinforces the earlier pattern, indicating that around 40% of consultancies were directly concerned with programme content (type 1.1 being oriented to the substantive context of programme context).

**Table 3: 3 Depts Combined, 1988/89 - 1992/93**  
**Type x No. of Consultancies**

		% (No.)	% (\$)	Rank (No.)	Rank (\$)
1.1	Programme-Context Research	9.8	11.4	5	5
1.2	Programme Research	20.5	21.8	1	1
1.3	Programme Review	16.4	19.7	2	2
	1.1 + 1.2 + 1.3	46.7	53.0		
2.1	Programme/ Administration: Research	0.3	0.2	11	11
2.2	Programme Administration: Review	7.5	5.3	6	8
2.3	Programme Administration: Implementation	6.8	5.7	8	7
	2.1 + 2.2 + 2.3	14.6	11.1		
3	Training	14.9	7.40	3	6
4	Programme Communication	7.1	12.3	7	4
	3+4	22.0	19.7		
5	Information Technology	14.3	14.5	4	3
6	Information Systems	1.8	1.5	9	9
	5 + 6	16.1	16.0		
7	Not classified.	0.6	0.2	10	10
Total		100.0	100.0		

Table 4 shows that the average cost of the three type 1 consultancies was higher than all other categories, except type 4, Programme Communications. (The average of this category was boosted by some big projects that seem to involve implementation, not just advice on, marketing campaigns).

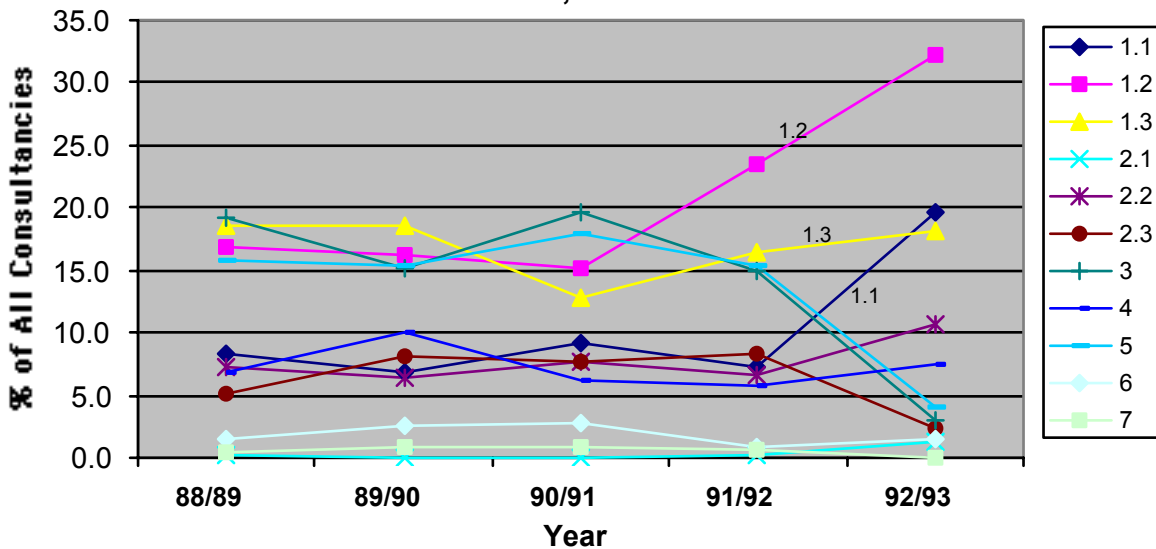
**Table 4: 3 Depts Combined, 1988/89 - 1992/93**  
**Type of Consultancies x Average Expenditure**

		Av \$
4	Programme Communication	71,069
1.3	Programme Review	48,984
1.1	Programme-Context Research	47,857
1.2	Programme Research	43,363
5	Information Technology	41,384
2.3	Programme Administration: Implementation	34,311
6	Information Systems	34,019
2.2	Programme Administration: Review	28,557
2.1	Programme/ Administration: Research	20,320
3	Training	20,260
7	Not classified.	14,262
All		40,814

Further evidence of the substantive

programme orientation of

**Chart 1: Type x Year: % of Number of Consultancies, 1988-93**



consultancy activity is seen in the year to year pattern. Chart 1 indicates that, with the exception of 1992/93, the mix of consultancies for the three departments combined was quite stable. The change in the mix in 1992/93 stemmed from a very steep drop in the actual number of category 3 (training) and 5 (IT) consultancies listed by DEET in that year. (This drop was easily the most dramatic change in the period and may have stemmed from a decision to regard many training and IT personnel as contractors undertaking routine implementation rather than consultants). In line with the trend in total number of consultancies, the actual number of type 1 categories increased during the period - from 207 in 1988/89 to a high of 445 in 91/92, before a fall to 390 in 1992/93. The lowest proportion of the number of all consultancies constituted by type 1 consultancies in any one year was 37.1% (1990-91). Likewise, and reflecting their above average cost, the lowest proportion of the total dollar value of all consultancies constituted by type 1 consultancies in any one year was 41.7% in 1989/90. The lowest contribution of category 1.2 (Programme Research) to total value of consultancies in any one year was 12.4% (1988/89) while for type 1.3 (Programme Review) consultancies the lowest figure was 16.9% (1991/92).

What of variation in the prevalence of programme-oriented consultancies across the three departments? Table 5 shows that the share of type 1 consultancies was considerably higher for DCSH than the other two departments but the lowest share, for DEET, was still 35.8% . Type 3 (Training) consultancies were noticeably more prevalent for DEET and DITAC than DCSH while type 5 (IT) consultancies were especially prominent in DEET (until, as already, mentioned, the final year of the period). In terms of dollar value (not shown in Table 5), the variation in the ratio of type 1 to all consultancies was less marked: 65.7% (DCSH), 40.6% (DEET) and 58.1% (DITAC).

**Table 5: Departments: Mix of Types of Consultancies  
1988/89 - 1992/93**

		DCSH	DEET	DITAC	All
1.1	Programme-Context Research	13.9	7.3	12.4	9.8
1.2	Programme Research	30.9	17.9	15.4	20.5
1.3	Programme Review	27.1	10.6	21.8	16.4
	1.1 +1.2 + 1.3	71.9	35.8	49.6	46.7
2.1	Programme Administration: Research	0.9	0.0	0.5	0.3
2.2	Programme Administration: Review	8.5	7.6	6.1	7.5
2.3	Programme Administration: Implementation	1.5	8.4	8.1	6.8
3	Training	6.3	17.5	17.4	14.9
4	Programme Communication	7.3	5.6	11.4	7.1
5	Information Technology	2.9	21.8	4.7	14.3
6	Information Systems	0.7	2.1	2.3	1.8
7	Not classified		1.0		0.6
All		100.0	100.0	100.0	100.0

### Who were the entities doing 'programme content' and 'management services' consultancies?

This paper has so far demonstrated that consultancies addressing matters of programme content (categories 1.1 to 1.3) were almost as numerous and slightly more 'valuable' in dollar terms than consultancies oriented to the corporate infrastructure underpinning programmes. Further evidence of the distinctiveness of these type 1 consultancies is provided by an analysis of the entities undertaking these consultancies, compared to 'administrative' consultancies.

The identification of discrete 'consultants' for this paper is derived from the identification of consultants from names appearing in a larger database of the author, one encompassing 9,016 consultancies commissioned by fourteen Commonwealth departments for some or all of the years 1987-93. The procedures for consolidating the disparate manner in which individuals, firms and organisations were listed in individual Annual Reports was fully set out in an earlier paper (Howard 1997: 86-88). The pattern observed of the larger database also marks the subset of that database examined here. Using the consolidated 'names' from the larger database yielded 1,576 different 'consultants' for the 3,538 consultancies examined. 66.2% of these consultants performed only one consultancy across this pool of consultancies. For types 1.1-1.3 combined, the proportion of 'oncers' was 69.6% while for each of these types individually, it was in the range 75%-83%. In other words, different types of consultancy attracted different people.

At the 'top end' of the market, differences in the identity of the leading players in the 'programme content' and the 'management services' consultancies emerged. Table 6 lists the top twenty entities, ranked in terms of the number of consultancies

undertaken, across the 1,855 consultancies in the type 2-7 categories. The list comprises 10 firms with core strengths in computer-related services, the (then) 'Big Six' accounting consulting firms, and four other firms – the Australian Universities' IDP, HRM Consulting Pty Ltd, Training Services Pty Ltd and ACTAID Pty Ltd.

**Table 6: Consultants Ranked by Number of Consultancies  
Types 2-7**

<b>Top consultants 1-10</b>	<b>No.</b>	<b>Top Consultants 11-20</b>	<b>No.</b>
Computer People Pty Ltd	68	Netspec Ltd	24
Price Waterhouse	63	KPMG Peat Marwick	18
Computer Power Pty Ltd	59	Deloitte Ross Tohmatsu	14
Wizard	45	Parity People Pty Ltd	14
Stratagem Computer Contractors Pty Ltd	44	Computer Training & Consultancy	11
Coopers & Lybrand	34	International Development Programme (IDP) of Australian Universities and Colleges	11
MC Computer Services (ACT) Pty Ltd	33	HRM Consulting Pty Ltd	10
Ernst & Young	30	Training Services Australia	10
Aspect Computing Pty Ltd	27	ACTAID Pty Ltd	9
Liveware Computer Services	26	Arthur Andersen & Co	9

Table 7, on the other hand, lists the top twenty entities, ranked in terms of the number of consultancies undertaken, across the 1,653 consultancies in the type 1 category. The list does include five of the 'Big Six' accounting consulting firms. But the other fifteen entities in this list do not appear in the type 2-7 'top twenty'. Of these, three were three leading polling/market research firms, two government agencies, two universities and seven private consulting firms (of these, three specialised in survey research while four – ACER, MSJ, Purdon and Pappas Carter - encompassed programme evaluation and project planning as well as research).

**Table 7: Consultants Ranked by Number of Consultancies  
Types 1.1 - 1.3**

<b>Top consultants 1-10</b>	<b>No.</b>	<b>Top Consultants 11-20</b>	<b>No.</b>
Roy Morgan Research Centre Pty Ltd	40	Purdon Associates Pty Ltd	12
AGB	33	Australian Council for Educational Research	11
Reark Research Pty Ltd	25	Wells Australasia	11
Price Waterhouse	24	CSIRO	9
KPMG Peat Marwick	17	Deloitte Ross Tohmatsu	9
Artcraft Research Pty Ltd	16	Elliott and Shanahan Research Pty Ltd	9

MSJ Keys Young Pty Ltd	16	Pappas Carter Evans & Koop (Byron Holdings Ltd)	9
Coopers & Lybrand	15	South Australian Department of Education	9
Ernst & Young	13	University of New South Wales	9
National Institute of Economic & Industry Research (NIEIR)	13	University of Wollongong	9

As further evidence of the 'cottage industry' nature of the consulting market, only five firms appeared in the 'top 20' for both type 1.2 and 1.3 consultancies (three of the Big Six accounting firms, together with one market research firm (Roy Morgan Research Centre) and one consulting business (Purdon Associates). Table 8 shows that, within the top 20 list for the 1.3 (Programme Review) category, accounting consulting firms filled five of the first six spots, with the remainder being filled by 9 private consulting businesses/individuals, 2 universities and one NGO peak (plus Arthur Andersen). The fact that no consulting entity did more than ten consultancies in this category testifies to the highly dispersed nature of the market. The less concentrated the distribution of consultancies, one might argue, the less likely that the increased use of consultants will result in a shift in power from in-house to the external consultants.

**Table 8: Consultants Ranked by Number of Consultancies  
Type 1.3 (Programme Review):**

<b>Top consultants 1-10</b>	<b>No.</b>	<b>Top consultants 11-20</b>	<b>No.</b>
Coopers & Lybrand	10	Roy Morgan Research Centre Pty Ltd	5
Price Waterhouse	10	ACIL Australia Pty Ltd	4
MSJ Keys Young Pty Ltd	9	Arthur Andersen & Co	4
Ernst & Young	8	Australian National University	4
KPMG Peat Marwick	8	Gibson, Roy	4
Deloitte Ross Tohmatsu	6	Hardy, Judy & Associates	4
TEG International	6	McRae, David, Mr	4
Australian Council of Social Service (ACOSS)	5	Moreland Group, The	4
Pappas Carter Evans & Koop (Byron Holdings Ltd)	5	University of Melbourne	4
Purdon Associates Pty Ltd	5	University of New South Wales	4

If the share of government consulting work was so dispersed, can any pattern be discerned as to the type of entities undertaking the 'programme' (type 1) and 'corporate services' (type 2-7) consultancies? As a beginning, for this paper the list of 1,576 consolidated 'names' were grouped as follows:

Government (including statutory authorities); Business, Professional and NGO Peaks; Trade Unions; 'Academics'; Names containing 'Associates'; Names

containing 'Pty Ltd'; Names of Individual Persons; Other.

The 'academics' category included any entity with the words 'Dr.', 'Professor' or 'University' (avoiding double counting) unless there was evidence the entity should have been placed under one of the other groupings. It also included Departments and research centres known to be part of a University but not recorded by the department as such. Because of the vagaries of departmental recording of the identity of consultants, this of necessity was only an approximate grouping. Some listed as 'Dr' might have been employed by an agency other than a University; some of the individual names might have been unrecorded 'Doctors'. The grouping 'Other' contained firms not recorded with the 'Pty Ltd' and 'Associates' designation (such as the Big 6 accounting firms) and entities whose nature was not readily apparent to the author (most likely private consulting businesses).

Table 9 sets out the contribution each grouping made to each type of consultancy. It shows that the share of 'academics', government agencies, (business, professional and NGO) peaks and trade unions was higher for the 'programme content' consultancies than for the 'management services' consultancies. The difference was especially marked for 'academics'. Correspondingly, the share of private firms appears to have been somewhat less, judging by the lower share of the 'Pty Ltd', 'Associates' and 'Other' groupings.

**Table 9: Type x Groupings of Consultants**

	'Academics'	Govt	Peaks	Trade Unions	
<b>Type 1</b>	22.9	4.84	2.96	0.60	
<b>Type 2-7</b>	5.62	2.60	0.80	0.11	
	'Associates'	'Pty Ltd'	Surname	Other	Total
<b>Type 1</b>	5.69	23.35	10.89	28.80	100
<b>Type 2-7</b>	5.89	36.50	10.88	37.61	100

Because these groupings are very rudimentary, not too much should be read into these figures. However, a more definite comparison can be made between the contribution of the 'academics' grouping and the Big Six accounting firms, who (as shown above) dominated the 'individual' consultant rankings. Table 10 shows that the academics contributed 20% or more of each of the three type 1 (programme content) consultancies. This was markedly higher than the share performed by the six accounting firms. The share of consultancies in other categories performed by academics was much less, though it was around 10% for the three type 2 (Administration) consultancies. The contribution of academics to training and marketing consultancies was higher than that of the Big 6 but the latter exceeded the contribution of academics in categories 2, 5 and 6, by a very wide margin in the last two. Putting this another way, 78.1% of the consultancies performed within the 'academic' grouping were type 1 consultancies while for the Big Six the percentage was 33.2%.

The patterns that emerge between type of consultant and type of consultancy underscore the distinctiveness of the type 1 consultancies. The fact that departments drew on professionals with high academic qualifications for just under one-quarter of type 1 consultancies but only for 6% of other consultancies suggests that the type 1 consultancies were especially concerned with complex and fundamental issues. On the basis of the top 20 rankings, the world of 'programme/ policy content' consulting and the world of 'corporate services' consulting was a different one. The Big Six accounting consulting firms spread themselves across the divide it but this was not typical. For example, it can be shown that, of the thirty consultants doing between 9-15 jobs for the three departments, 18 worked solely or almost entirely on one side or other of the divide.

**Table 10: Type of Consultancies  
% Done by 'Academics' and Big 6 Accounting Firms**

	No.		%	
	'Academics'	Big 6	'Academics'	Big 6
<b>1.1</b>	95	9	27.5	2.6
<b>1.2</b>	168	31	23.2	4.3
<b>1.3</b>	115	47	19.8	8.1
<b>2.1</b>	1	1	9.1	9.1
<b>2.2</b>	30	67	11.2	25.1
<b>2.3</b>	24	32	10	13.4
<b>3</b>	38	17	7.2	3.2
<b>4</b>	8	1	3.2	0.4
<b>5</b>	3	40	0.6	7.9
<b>6</b>	1	16	1.5	24.6
<b>7</b>	1	1	4.8	4.8
<b>ALL</b>	484	262	13.7	7.4

### **Justifications for 'programme content' and 'management services' consultancies**

Final evidence of the distinctiveness of the programme content consultancies is provided by analysis of the justifications provided by departments for these consultancies, compared to justifications for type 2-7 consultancies. As part of the new requirements to report on consultants, part of the revised mandatory Guidelines for Annual Reports tabled in November 1987, departments were to provide a 'justification' for commissioning the consultancy project. This requirement was reaffirmed in the revised Guidelines tabled in April 1991. Departmental compliance with this requirement, however, was patchy in the early years. DCSH began reporting in 1989/90, DITAC the following year and DEET not until 1992/93. Each of the departments used a categorisation with some consultancies receiving more than one category of justification. In the tables below, these multiple justifications (which were offered for 5.2% of DCSH, 6.3% of DITAC and 16.7% of DEET consultancies respectively) were 'added in' in full.

In each of the four years it reported on this aspect, DCSH used six unchanged categories. To facilitate comparison with the other two departments, these six justifications (A to F) have been re-grouped under two headings, 'Need for Specialist Skills' and 'Need for Independent View'. Table 11 shows that 615 of the DCSH consultancies were justified on grounds relating to need for specialist skills and 219 on grounds related to need for an independent view:

**Table 11: DCSH, 1989/90 - 1992/93**  
**Justifications x Number of Consultancies**

<i>Need for Specialist Skills</i>		(615)
A	'The project required specialist knowledge and/or skills not available within the department'	570
E	'The consultant is a recognised Australian/World expert in the field and uniquely able to contribute to the development of the programme'	45
<i>Need for Independent View</i>		(219)
B	'The project required the collection of quantitative and/or qualitative information by a person or organisation who/which would be accepted as impartial and independent of the department'	175
F	'The Government specifically requested an independent, external report'	9
D	'A Commonwealth-State joint programme which was established with a requirement for independent evaluation'	15
C	'The project required the gathering of views of consumers and this was done most cost effectively by using the services of a consumer representative organisation'	20

In each of its three years of reporting DITAC used five unchanged categories (A to E). These have been grouped under two of the headings used for DCSH and an additional one, 'Lack of in-house resources'. Table 12 shows that, again, need for specialist skills was the most numerous justification, followed by lack of in-house resources.

**Table 12: DITAC, 1990/91 - 1992/93**  
**Justifications x Number of Consultancies**

<i>Specialist Skills</i>		(217)
A	'Need for specialised skills'	196
B	'Need for rapid access to the latest technology and experience in its application'	21
<i>In-house Resources</i>		(131)
D	'Lack of in-house resources'	131
<i>Independent View</i>		(36)
E	'Need for independent study'	28
C	'Need for a change agent or facilitator'	8

In its first year of reporting in our period, DEET used three categories, identical to ones used by DITAC. Table 13 shows the order of frequency was the same as for DITAC:

**Table 13: DEET, 1992/93**  
**Justifications x Number of Consultancies**

<i>Specialist Skills</i>		(166)
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SS	'Need for specialised skills'	166
	<i>In-house Resources</i>	(51)
LIHR	'Lack of in-house resources'	51
	<i>Independent View</i>	(47)
IS	'Need for independent study'	47

Table 14 shows that need for specialist skills dominated the justifications for each department. Of itself this pattern is of interest: the more a need for specialist skills is cited, the more there is a sense of the diversity of types of consultancy.

**Table 14: 3 Departments Mix of Justifications for Years Reported**

	<b>Need for Specialist Skills (%)</b>	<b>Lack of In-House Resources (%)</b>	<b>Independent View (%)</b>
<b>DCSH</b>	73.7	n/a	26.3
<b>DITAC</b>	55.8	32.5	11.7
<b>DEET</b>	63.1	19.8	17.1

But more direct evidence of the distinctiveness of the type 1 consultancies is provided by Table 15 which cross-tabulates type of consultancy by justification. In each of the three departments the type 1 consultancies had a much higher proportion of consultancies justified on the basis of the need for an independent view than types 2-7. Of the type 1 consultancies, type 1.3 (Programme Review) had the highest proportion (35.3%) in DCSH while for the other two departments it was type 1.2 (Programme Research). Of the type 2-7 consultancies, in all three departments the type with the highest proportion of this justification was 2.2 (Programme Administration - Review).

Why should the prevalence of this justification be seen as indicative? Any activity of a department requiring specialist or even routine skills might be seen to benefit from having an outside assessment. It is reasonable to suggest, however, that departments would be more likely to want to be seen to be undergoing independent evaluation when the matters examined were either of a research nature or more general and fundamental to the purpose of the programme (even though privately they might prefer not to have to go through this process). In the case of DCSH, the move to gain an outside assessment was a requirement of some legislation at the time (evaluations and opportunities for stakeholder assessment being a phase that characterised the community services field in the late 1980s and early 1990s).

In line with the observations above about the 'specialist skills' justification and the prevalence of academics undertaking these consultancies, type 1 consultancies would be expected to have a higher proportion of 'specialist skills', compared to 'lack of in-house resources' justifications, than would type 2-7 consultancies. This was indeed the case for the three years of DITAC reporting, though not the case with the one year of DEET reporting.

**Table 15: 3 Departments: Mix of Justifications for Years Reported x Type**

	<b>Need for Specialist Skills (%)</b>	<b>Lack of In-House Resources (%)</b>	<b>Independent View (%)</b>
<b>DCSH</b>			
<b>Type 1 (Prog Content)</b>	68.5		31.5
<b>Type 2-7 (Mgmt Services)</b>	77.3		22.7
<b>DITAC</b>			
<b>Type 1 (Prog Content)</b>	56.0	28.0	16.1
<b>Type 2-7 (Mgmt Services)</b>	37.8	55.7	6.5
<b>DEET</b>			
<b>Type 1 (Prog Content)</b>	56.6	21.9	21.4
<b>Type 2-7 (Mgmt Services)</b>	82.1	13.4	4.5

### Concluding remarks

This paper has undertaken quantitative analysis of the large number of consultancies commissioned by three departments during the first 'full' five years of compulsory reporting. The patterns that emerge can be read as lending weight to various themes in the wider academic literature on the use of consultants in the public sector. The analysis has confirmed that the entities classified as consultants by Commonwealth departments do indeed advise on matters of programme content, matters that hence can be said to have some direct bearing on the overall course of policy development.

The analysis has shown that consultancies oriented to programme content (type 1) constituted around half the number and cost of consultancies. Programme Review (type 1.3) constituted 16% of the number and 20% of the value of all consultancies. This pattern broadly held true for individual years and individual departments as well. The lowest level of type 1 consultancies in a particular year was 37% (number) and 42% (cost). For a single department the lowest level was 36% (number) and 41% (cost).

The analysis has also shown that type 1 consultancies were distinctive, both in terms of the firms undertaking these consultancies and the justifications given by departments for commissioning them. The only consulting entities to make the 'top twenty' (ranked by number of consultancies undertaken) for both type 1 and type 2-7 (corporate services) consultancies were the large accounting consulting firms.<sup>3</sup> The share of type 1 consultancies undertaken by government agencies, non-government peak organisations and, especially, academics was higher than for type 2-7 consultancies, with the reverse appearing to be true for private consulting businesses. 20% of the Programme Review (1.3) consultancies were undertaken by university entities or individuals with high academic qualifications. In regard to official justifications, a need for 'specialist skills' was by far the most frequently cited by each of the departments. The proportion of consultancies justified by a need for independent review varied by department from 10-25%. But in each department the

<sup>3</sup> For a full analysis of the type of consultancies undertaken by these firms across 14 Commonwealth departments in this period, see Howard (2004).

propensity for programme content consultancies to receive this justification was much higher than that of corporate services consultancies.

What of the significance of the programme content consultancies, relative to other sources of advice and pressure shaping program content? One way to approach this, utilising the quantitative data, would be to delve more closely into the project descriptions but this has not been possible here. What might be said is that there is scope to refine the classification of type 1 consultancies, especially if further work was to be done in assessing the policy significance of these consultancies. The large majority of type 1 consultancies were oriented to 'general' aspects of programmes (in the sense that the problem or aspect to be investigated was obvious enough to a layperson). In a fairly small minority of cases, however, the task appeared to relate to a very precise technical aspect of economic or (in the case of DITAC) scientific research. Similarly, while the large majority of type 1 consultancies were oriented to programmes or, in some cases, 'major projects' within programmes, a small minority could be said to have related to 'minor projects' within programmes or to specific delivery outlets. Many of the latter were undertaken by state, not national offices of departments and related to application of programme guidelines at a particular geographical location. Likewise, the large majority of type 2.2 consultancies (Programme Administration Review) consultancies did appear to involve substantial administrative issues. But there was the same presence of some 'minor' or 'local' consultancies, amidst the 'major' and 'national' ones in this category. In further work, the following classification could be used to refine the analysis of consultancies coded under 1 and 2 in this paper.

<b>Programme Content Consultancies: Revised Typology for Further Research</b>	
1.	Programme-Context Research
2.	Programme Research
2.1	General
2.2	Specific Technical/ Scientific/ Professional
3.	Programme/Major Project Review
3.1	General
3.2	Specific Technical/ Scientific/ Professional
4.	Minor Projects/Delivery Agencies
4.1	Research
4.1	Review
4.2	Implementation
5.	General/ Programme Corporate Services (Organisational, Financial, HR, etc)
5.1	Research
5.2	Review
5.3	Implementation

The quantitative analysis has also shown the highly dispersed and parochial structure of the consultancy market. The lack of concentration in market share can be seen as a factor militating against a shift in power from in-house staff to particular

external consultants. On the other hand, the sheer number and breadth of consulting entities does give this mode of work the potential to become more typical of government program development in the long run. The same findings on market share can be used to support other theories of the nature of consulting and the contemporary state. The preponderance of entities doing only one or two jobs can be seen as evidence of Bill Martin's post-modern work-force, fragmented and detached but contented. Alternatively, it can be seen as a harbinger of wider and unwanted casualisation in the workforce.

The patterns in regard to 'justifications' do not directly test the theories of consultant as enlightener or consultant as legitimator, and whether the move to greater use of consultants relative to in-house staff represents 'value for money'. But the prevalence of the 'need for specialist skills' justification, and the incidence of the 'need for independent view' justification, at least shows that departments saw the need to represent consultants as enlighteners. If the stated justifications are taken at face value, they offer further evidence that consulting may be enriching programme development, in the manner hoped for by reformers such as Wilenski and the Coombs Commission. The sheer diversity of organisations utilised struck this analyst as a healthy sign. On the other hand, a considerable number of consultancies were justified by DITAC and DEET on the basis of 'lack of in-house resources'. This implied that the skills provided by the consultant were needed on a regular, not occasional, basis but were not available in-house. Here is evidence that consultants were at least sometimes, and perhaps more often, used to compensate for inappropriate cuts in in-house staff.

Quantitative analysis of Annual Report data along the lines above can only however serve as a framework or context. To explore more fully shifts in influence, or value for money, further research methods such as interviews and document case studies are required.

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