



Public sector – Reduce agency spending on consultants – Reduce federal government contracts with big consulting firms

Party: Australian Greens

Summary of proposal:

The proposal would require all government departments and agencies to reduce their spending on consultants by 15% per year from their current level of consultant spending, over 5 years from 1 July 2025.

The result would be a 56% reduction in spending on consultants by 2029-30.

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$829 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a reduction in departmental expenses associated with consultants.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Public sector – Reduce agency spending on consultants – Reduce federal government contracts with big consulting firms – Financial implications (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total to 2028-29 |
|-------------------------|---------|---------|---------|---------|------------------|
| Fiscal balance | 117.0 | 144.0 | 236.0 | 332.0 | 829.0 |
| Underlying cash balance | 117.0 | 144.0 | 236.0 | 332.0 | 829.0 |

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The implementation of the proposal would deliver the specified level of savings.
 - In aggregate, APS agencies would be able to accommodate the specified reduction in departmental resourcing.
 - Internal budget resourcing decisions, including expenditure on employees relative to consultants, are determined by each agency individually, within their resource allocations. The PBO has made no assessment as to decisions that agencies would take with respect to relative allocations of their overall resourcing.

- In the baseline, consultancy expenditure costs would remain consistent with 2023-24 levels across the 2025-26 forward estimates, adjusted for forecast movements in ‘supply of goods and services’ (the budget spending category that includes consultants) across the forward estimates as at the *Pre-election Economic and Fiscal Outlook 2025*.
 - Total consultancy expenditure for 2023-24 was approximately \$629 million.
- Over the medium term, spending on consultants in the baseline would continue at the same proportion of Gross Domestic Product (GDP) as in the final year of the forward estimates as at the 2025-26 Budget.
 - Savings from reducing consultant expenses after the 5th year of the policy would therefore be the same proportion of GDP as in the 5th year of the policy. The savings would grow in dollar terms after the 5th year, and would be roughly 0.04% of projected total Australian Government expenditure over the medium term, which is the proportion for the saving specified in 2029-30.

Methodology

Publicly available expenditure reports published by the Department of Finance on the Transparency Portal and information provided in each department or agency’s annual report were used to estimate the 2023-24 expenditure on consultants. This expenditure was then reduced by 15% each year between 2025-26 to 2029-30 to determine the financial impacts of the proposal.

Annual savings from 2030-31 were grown in line with the projected overall increase in Australian Government expenditure, as per *Key assumptions*.

Financial implications were rounded consistent with the PBO’s rounding rules.¹

Data sources

Annual reports for various Commonwealth departments and agencies.

Australian Government (2024), [Expenditure on Reportable Consultancy Contracts, 2023-24 – Transparency Portal](#), accessed 27 May 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

The Treasury provided estimates on the level of Australian Government expenditure over the medium term as at the 2025-26 Budget.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Public sector – Reduce agency spending on consultants – Reduce federal government contracts with big consulting firms – Financial implications

Table A1: Public sector – Reduce agency spending on consultants – Reduce federal government contracts with big consulting firms – Fiscal and underlying cash balances (\$m)^(a)

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|---------------------|
| Expenses | | | | | | | | | | | | | |
| <i>Departmental</i> | | | | | | | | | | | | | |
| <i>Consultancy reduction</i> | 117.0 | 144.0 | 236.0 | 332.0 | 422.0 | 445.0 | 467.0 | 494.0 | 516.0 | 541.0 | 566.0 | 829.0 | 4,280.0 |
| Total – expenses | 117.0 | 144.0 | 236.0 | 332.0 | 422.0 | 445.0 | 467.0 | 494.0 | 516.0 | 541.0 | 566.0 | 829.0 | 4,280.0 |
| Total (excluding PDI) | 117.0 | 144.0 | 236.0 | 332.0 | 422.0 | 445.0 | 467.0 | 494.0 | 516.0 | 541.0 | 566.0 | 829.0 | 4,280.0 |

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Public sector – Reduce agency spending on consultants – Reduce federal government contracts with big consulting firms – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|---------------------|
| <i>Fiscal balance</i> | 3.0 | 9.0 | 17.0 | 31.0 | 49.0 | 70.0 | 94.0 | 120.0 | 148.0 | 179.0 | 212.0 | 60.0 | 932.0 |
| <i>Underlying cash balance</i> | 2.0 | 7.0 | 15.0 | 27.0 | 44.0 | 65.0 | 88.0 | 113.0 | 141.0 | 171.0 | 204.0 | 51.0 | 877.0 |

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)