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## Contract Registration System (including Consultancy Approvals)

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**Definitions**

The description of Consultancy Services and Other Contracts for Service, presented below is based on the definition of Consultancy Services issued by the Department of the Prime Minister and Cabinet, which all departments are required to follow. The PM&C full text can be found by accessing the following: [Requirements for Annual Reports, Attachment A: Production and Distribution Guidelines and Requirements, Section 6 - Explanation of Tertus](#) (an extract is also provided below).

**Consultancy Services**

Consultancy services are one particular type of service delivered under a contract for services. A consultant is an entity (individual, partnership or corporation) engaged to provide professional independent and expert advice or services. Consultancies are distinguished from other contracts for services by the nature of the work performed and the latitude given to undertake the task.

**Application of expert professional skills to:**

- investigate a defined issue or problem;
- diagnose a defined issue or problem;
- carry out defined research;
- carry out defined reviews or evaluations;
- provide independent advice; and
- provide independent information or creative solutions.

**Characteristics of consultancy contracts**

- the nature and purpose of the task to be performed will be defined;
- the manner in which the task is to be performed will not be set out in detail;
- the contract may specify the nature of the final product, but there will be no attempt to constrain the freedom of the consultant to exercise best professional judgement as to the nature or contents of that product; and
- the contracting agency will not set down any predetermined outcome.

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**Typical Reasons**

The reasons for engaging a consultant are many, but the most typical are:

- o to provide rapid access to the latest technology and experience in its application;
- o due to limitations on executive time;
- o the lack of in house resources;
- o the need for independent study; and
- o a need for a change agent or facilitator.

**Other Contracts for Services**

Other contracts for services are set apart from consultancies because they are more restrictive and defined in nature. Contracts for services will typically:

- o have clear and tight specifications of the form of product or service;
- o specify the detailed requirements, as to the manner in which work is to be performed;
- o require the contractors to follow a well defined set of parameters/instructions, in order to fulfil contractual obligations.

Note: The hiring of outside staff on a contract basis, to provide short or long term labour services, is also a contract of service. Such arrangements are not to be regarded as consultancy contracts.

**PM & C Guidelines Extract**

*Requirements for Annual Reports 2002  
Production and Distribution Guidelines*

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contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist the agency in management decision making.

A consultancy contract (which may be referred to as a contract for services) will typically define the nature, purpose and duration of the task to be performed but not (in any detail) the manner in which the task is to be performed. The consultant is usually paid on completion of milestones or in a lump sum. Consultants are not employees of the department and are not paid wages or other employee entitlements. A consultancy services contract is based on a principal/consultant relationship. By contrast, other, non-consultancy, contracts (referred to as contracts of service) will typically impose an element of control over how the work is to be performed. Under a contract of service a quasi employer/employee relationship is created.

<http://www.dpmc.gov.au/pdfs/annualreportrequirements.rtf>

### **Detailed Policy Guidance**

Please refer to CFO Unit for further information.