

Ms Abigail Boyd MLC  
Chair  
Public Works and Accountability Committee  
Legislative Council  
Parliament House  
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**Public Works and Accountability Committee's inquiry into the NSW Government's use and management of consulting services**

Dear Ms Boyd

I refer to the Public Works and Accountability Committee's inquiry into the NSW Government's use and management of consulting services, and to the hearing conducted on 26 June 2023.

Please find enclosed NSW Health answers to the Committee's supplementary questions and to questions taken on notice during the hearing.

For more information, please contact Jane Hall, Director, Executive and Ministerial Services, NSW Ministry of Health

Yours sincerely

25/7/23

**Susan Pearce AM**  
Secretary, NSW Health

# **NSW Government's use and management of consulting services**

**Hearing – 26/06/2023**

## **South Eastern Sydney Local Health District - Supplementary questions**

1. When was the Program Management Office formed?

**ANSWER:**

June 2014

2. What was the staffing composition of the Program Management Office?

**ANSWER:**

The Program Management Office was led by the Director of Programs. Staffing comprised Project Leads, Graduate Management Trainee, Executive Assistant.

3. Were external consultants, or contractors, engaged to conduct work related to the Program Management Office?

**ANSWER:**

External consultants were engaged to support the Program Management Office.

4. Did PwC provide consulting advice relating to the formation of the Program Management Office?

**ANSWER:**

PwC provided consulting services and support to the newly formed Program Management Office.

5. When was the SESLHD formally notified of the mentoring arrangement between Ms Kristin Stubbins and the Chief Financial Officer (or equivalent role)?

**ANSWER:**

On 18 August 2015, the Board Chair submitted a Referral Note to the SESLHD Board which noted K Stubbins as mentor to the Chief Financial Officer. A copy of the Referral Note was provided in response to questions taken on notice at hearing held on 26 June 2023. Please refer to the answer provided to the question on page 7 of the transcript.

6. How long did this mentoring arrangement persist?

**ANSWER:**

There is no reference to the duration of the mentoring arrangement between K Stubbins and the Chief Financial Officer in the 2015 SESLHD Board Minutes and 2015 Finance and Performance Committee Minutes.

7. When making financial and operational decisions relating to the engagement of consultants, did the Chief Financial Officer disclose a potential conflict of interest relating to this mentoring relationship with a senior PWC partner?

**ANSWER:**

There were no potential conflicts of interest relating to the mentoring arrangement between K Stubbins and the Chief Financial Officer noted in the 2015 SESLHD Board Minutes or 2015 Finance and Performance Minutes.

8. Did Ms Kristin Stubbins ever attend board or committee meetings in an informal or observational manner?

**ANSWER:**

SESLHD Board Meeting Minutes from 26 August 2015 note K Stubbins stepping down from her role as a Board Member while PwC continues to work with SESLHD.

From 30 September 2015 to 30 November 2016, K Stubbins (Advisor) is noted as not present at SESLHD Board Meetings.

9. When engaging an external consultant or contractor, what conflict of interest checks or assurances is the consultant or contractor required to provide, if any?

**ANSWER:**

Please refer to answer provided in response to questions taken on notice on page 30 of the transcript of the hearing held on 15 June 2023.

10. Has the LHD ever reduced or restricted permanent staff numbers as a result of the advice of a consulting agency?

**ANSWER:**

There are no records to confirm this.

11. Has a consulting agency ever, in the course of its financial advice, recommended to the LHD to increase the number of public private partnerships it enters into?

**ANSWER:**

There are no records to confirm this.

12. Was Ms Stubbins ever paid for her time as a member of the SESLHD Board or any sub-committee?

**ANSWER:**

SESLHD Board Members are paid in line with the NSW Public Service Commission Classification and Remuneration Framework for NSW Government.  
[www.psc.nsw.gov.au/legislation-and-policy/nsw-government-boards-and-committees#boards-and-committees-remuneration](http://www.psc.nsw.gov.au/legislation-and-policy/nsw-government-boards-and-committees#boards-and-committees-remuneration)

13. What steps will be taken to investigate the apparent errors made in the Board's minutes and other documents that were disclosed during the hearing?

**ANSWER:**

Staff involved in preparing SESLHD Board Minutes from 2011- 2016 are no longer in this role.

The SESLHD Board understands the importance of taking meeting minutes as an accurate record of discussions and decision during an official meeting.

Currently, the SESLHD Board has a process in place where the Board Secretariat drafts the meeting minutes, and these are reviewed by the Chief Executive and Board Chair before they are circulated to Board Members.

# **NSW Government's use and management of consulting services**

**Hearing – 26/06/2023**

## **WSLHD Supplementary questions**

1. When engaging an external consultant or contractor, what conflict of interest checks or assurances is the consultant or contractor required to provide, if any?

**ANSWER:**

The Western Sydney Local Health District's local agreement template includes Conflicts of Interest. Should any conflict of interest occur, the contractor or consultant must notify the District.

2. How much has been paid to PwC, since 2014, for consulting or contracting services related to the Westmead innovation precinct?

**ANSWER:**

The Westmead Health and Innovation District is being led by the Greater Cities Commission and includes the Westmead Health Precinct, Schools Precinct, Transport interchange, Parramatta North Program and the heritage core in North Parramatta.

The Westmead Health Precinct is a partnership between Western Sydney Local Health District, Sydney Children's Hospitals Network, Westmead Institute for Medical Research and Children's Medical Research Institute.

Western Sydney Local Health District has not engaged PwC for consulting or contracting services related to the Westmead Health Precinct since 2014.

Health Infrastructure oversees planning, design and construction of health capital projects over \$10 million located within the Westmead Health Precinct. PwC is engaged by Health Infrastructure as the outsourced Project Manager for the Westmead Hospital Redevelopment and The Children's Hospital at Westmead Stage 2 Redevelopment, which sit within the Westmead Health Precinct.

3. Has a consulting agency ever, in the course of its financial advice, recommended to the LHD to increase the number of public private partnerships it is part of?

**ANSWER:**

There are no records to confirm this.

4. Please provide all conflict of interest declarations provided to the LHD by PwC in relation to the Westmead project.

**ANSWER:**

Please refer to the response to Question 2.

# NSW Government's use and management of consulting services

Hearing – 26/06/2023

## NSW Health response to Questions on Notice

### SOUTH EASTERN SYDNEY LOCAL HEALTH DISTRICT

#### QUESTION 1 – Page 7

**The Hon. Dr SARAH KAINE:** Mr Still, on 15 June we heard from some representatives from NSW Health about their spend on consultants, and we heard also on that day that local health districts globally had spent more than \$120 million on consultants since 2011. Can you tell us how much South Eastern Sydney Local Health District spent on consultants since 2011?

**MICHAEL STILL:** If you'll excuse me, Dr Kaine, I will just ask the chief executive.

**TOBI WILSON:** I can provide from financial year 2015. I can't go back to 2011; I don't have that number at hand. But, from 2015, the total spend—in fact, I don't have that summed up. If you can just give me a second, I will give you an answer to that. It would be in the region of about \$19 million since financial year 2015.

**The Hon. Dr SARAH KAINE:** So it was \$19 million in that time.

**TOBI WILSON:** We have identified there are some inaccuracies with some of those numbers, though, which I can address, if you would like me to.

**The Hon. Dr SARAH KAINE:** Yes, and if you want to provide anything following this, that would be useful.

**TOBI WILSON:** Yes.

**The Hon. Dr SARAH KAINE:** In fact, if you could provide the breakdown from 2011 to the most current figures you have, that would be helpful.

**TOBI WILSON:** Yes.

#### ANSWER:

Please refer to the answer provided in response to, Question 1 Supplementary questions - 15 June hearing - Inquiry into NSW Government's use and management of consulting services.

#### QUESTION 2 – Page 10

**The CHAIR:** Can I ask how much in total you have spent? And I ask this about PwC because your board is interesting in that it has always had somebody who has been connected with PwC sitting on it. How much have you spent on PwC work from the district, whether it is consulting, contracting, outsourcing—whatever the case. How much has been the total spend since 2011?

**MICHAEL STILL:** Mr Wilson can help with the total.

**TOBI WILSON:** Can I take that question on notice?

**The CHAIR:** If you could and let me know what that proportion looks like compared to other consultants from other consulting firms along the same line, that would be great.

**The Hon. PETER PRIMROSE:** Can I ask one following on from that and it is to whoever considers it appropriate to answer. Do you have a formal policy on employing consultants? Is there a written policy document that the organisation has, or particularly the board has, to say under what circumstance it will employ consultants?

**TOBI WILSON:** We would have documentation that would support the process around how you would do it but I believe that is not what you are asking for.

**The Hon. PETER PRIMROSE:** If you don't have that, then you have documentation about the process?

**TOBI WILSON:** Yes.

**The Hon. PETER PRIMROSE:** Would you be able to provide that to the Committee?

**TOBI WILSON:** Yes. It is consistent with NSW Health policy.

**The Hon. PETER PRIMROSE:** I understand that. Does that document include a process for confirming and checking the qualifications and training of those who come in as consultants?

**TOBI WILSON:** I would need to take that on notice.

## **ANSWER**

Please refer to answer provided in response to Question 1 Supplementary questions - 15 June hearing - Inquiry into NSW Government's use and management of consulting services.

Please also refer to the answer provided in response to questions taken on notice on page 30 of the transcript from the 15 June 2023 hearing into the NSW Government's use and management of consulting services.

## **QUESTION 3 – PAGES 15-16**

**The CHAIR:** And yet in that adviser position, you've said she's in the ear of the people in management who are actually making the decisions to appoint the consultants. It's almost more of a conflict of interest when she steps down and becomes an adviser than when she's sitting on the board. How did you let this happen? If you were so concerned about the governance, why is it not recorded in the minutes? Wouldn't you be very, very keen to show everybody that this was above board?

**MICHAEL STILL:** I did write a note to the board about this; I can't recall the date. Perhaps it was in the middle of 2015, about the position of Ms Stubbins. I think that was fairly clear. But there was the finishing, if you like, of some coaching for the CFO.

**The CHAIR:** Do you think it would be useful for you to provide us with that board letter?

**MICHAEL STILL:** I think it's in the minutes somewhere. Let's find it.

**TOBI WILSON:** It's not in the minutes but we can—

**MICHAEL STILL:** We can provide that.



**The CHAIR:** If you provide that on notice, it might be useful if we can try to clear this up, because at the moment it's looking pretty bad for the board governance and also for Ms Stubbins. This is very much an example of what we're seeing as being endemic when it comes to consultants.

**The Hon. PETER PRIMROSE:** Also, when that document is provided, can we get the notation of the deliberations and decisions of the board in relation to the perception of that note?

**MICHAEL STILL:** Certainly. I think what happened was that when it was discussed at one of the meetings in the middle of the year, the result was that I would pen a board memo. I think that was presented in the papers for the following month.

**TOBI WILSON:** I think you can trace that through the board papers as they currently stand. There's reference to Mr Still drafting a paper. We can provide the paper that was drafted. And then the outcome of that is when Ms Stubbins stepped down from the board.

**The CHAIR:** Except she doesn't, because we still have her in the minutes. Is there anything you can do to assure us that the minutes are incorrect? Are there any other bits of documentation that can show us that she actually did step down in May as opposed to what the minutes say on the face of them?

**MICHAEL STILL:** We will have to take that on notice. She's not recorded as having said anything, obviously, because she wasn't there. We will give that some thought and see whether we can provide something more for you.

## **ANSWER**

On 18 August 2015, the Board Chair submitted a Referral Note to the SESLHD Board, copy is attached at **TAB A**.

Regarding notation by the Board relating to the Referral Note, refer to SESLHD Board Minutes 26 August 2015, General Business, Governance, Section 3.1 Notification [https://www.seslhd.health.nsw.gov.au/sites/default/files/groups/SES\\_Board/Minutes/2015/Signed%20minutes%20-%20SESLHD%20Board%20-%2026%20August%202015.pdf](https://www.seslhd.health.nsw.gov.au/sites/default/files/groups/SES_Board/Minutes/2015/Signed%20minutes%20-%20SESLHD%20Board%20-%2026%20August%202015.pdf)

## WESTERN SYDNEY LOCAL HEALTH DISTRICT

### QUESTION 2 – PAGE 17

**The CHAIR:** Your district has the second highest recorded spend of all of the districts, since 2011, on consultants. Why do you think that is?

**RICHARD ALCOCK:** Chair, I can only speak for the period in which I have been on the board, which is from 1 January 2017. If we may, what we would like to do is to provide written details to your Committee on the work of consultants whilst I've been on the board. I'll ask Ms Di Mento to make a few comments as well because she's in a dual role, which she'll describe. But certainly during the past couple of years there hasn't been a significant use of consultants. When I say couple of years, let's say four years or so. We would be pleased to provide specific detail to the Committee.

### ANSWER

During the period of 2014 to 2018 the District was going through a rebuilding phase. This included the Westmead and Blacktown redevelopments that required a deep review of processes and outcomes. At the same time District performance was not at a required level and needed improvement (including the use of agency staff to work in problem areas).

### QUESTION 3 – PAGE 18

**LORETTA DI MENTO:** I started on that committee in June 2019, six months before being appointed to the board, for a period of three years. I can just clarify that, from our audited financial statements from June 2022, for the 12 months leading up until that date, there's a total contractor spend of \$8.7 million recorded in that. A large proportion of that will be the contract with PwC for contracted services for Qudos. That information is in progress in terms of being put together by our teams, as I understand, but it's in the vicinity of about \$7.1 million for that 12 months and there'll be a small component that carries over into the 2023 financial year.

**The CHAIR:** So that was put down as contracting because it was more in the nature of outsourcing rather than advice work?

**LORETTA DI MENTO:** That's correct. We were purchasing resources for all sorts of activities for Qudos. It was a significant operation that—we've called it, internally, military style. There was so much that needed to occur to be able to vaccinate over 300,000 people in the short space of time that we did, so it involved all manner of data management, logistics, booking systems and the like. So, PwC, among others, were able to provide some of those resources for us.

**The CHAIR:** I think the average person doesn't know that that vaccination centre was being run by PwC.

**LORETTA DI MENTO:** I wouldn't say it was being run by PwC.

**The CHAIR:** PwC would say it was being run by PwC.

**LORETTA DI MENTO:** That's certainly up to them.

**The Hon. Dr SARAH KAINE:** They got paid a lot of money for it.

**LORETTA DI MENTO:** That's not how it was structured.

**The CHAIR:** That's okay. The only way that I found out about PwC's involvement was that they were crowing about it on their website. There are lots of quotes from the Western Sydney Local Health District talking about—we have Jasmin Ellis, General Manager of Integrated and Community Health at Western Sydney Local Health District saying, "Going to PwC saved us." This is on PwC's website, but I was unable to find any information from the Government or the health district with similar announcements about PwC's involvement in the Qudos arena. Was that a deliberate decision?

**RICHARD ALCOCK:** Chair, we haven't seen the material to which you refer. We could take that comment on notice.

**The CHAIR:** Yes, and perhaps if you look at it on the web—it's got a delightful title of "A community of solvers delivering The New Equation in COVID care", which is great consulting speak. Then they have a picture of the Qudos arena, and then they go on and on about what a great partnership it was with Western Sydney Local Health District, with the CEO, Graeme Loy, giving lots of kudos to PwC for their work at the Qudos arena. It struck me as interesting that we hadn't seen any communications come from the local health district or from the Government in relation to that. Was that a deliberate decision?

**RICHARD ALCOCK:** Chair, we obviously can't speak for PwC, and it was important, as you will recall, that there was no differentiation of one vaccination centre to another. They were all NSW Health vaccination centres. There was no designation of one centre being led by any particular party. It was a military-style operation. There were extremely large numbers of people who came together to deliver those vaccination services. If we may, could we please provide the Committee in writing with some details of from where that workforce was compiled? I am sure you will take confidence from the greater detail about the number of people in large numbers that were involved.

**The CHAIR:** That would be very useful.

## **ANSWER – WSLHD**

Oversight of recruitment processes at Qudos Bank Arena Vaccination Centre Human Resources functions were provided by Western Sydney Local Health District and staff were sourced from a number of different areas.

The District provided overall direction, while PwC assisted with finalising recruitment, onboarding and rostering processes.

Randstad, a specialist recruitment and HR solutions organisation were engaged to recruit staff. These staff were onboarded as District employees.

Agency staff were also utilised, in a similar way to how agency staff are engaged to provide services in our current hospital environments.

#### QUESTION 4 – PAGES 18-19

**The Hon. Dr SARAH KAINE:** My question was to that. You have somewhat answered, because it was about the large jump in the spend on contractors, which I had in front of me, and that is partly then explained by the PwC engagement. The answer to my question may partly come from you on notice, but I would like your initial response. You've said that PwC didn't run the Qudos hub, but is that to say they were providing the human resources? Were they the recruitment arm? I am struggling a bit, knowing what PwC does, to understand the operational aspects of the work that they would have engaged in.

**RICHARD ALCOCK:** Dr Kaine, it's a reasonable question. May we give you a wholesome response in writing, because there were a lot of people? We are happy to designate from where people came and what their roles were. We hope that once you've got that greater information it will give you adequate context.

**The CHAIR:** Are you also able to tell us how many other consultants were approached for that work, or was it just PwC?

**RICHARD ALCOCK:** Chair, I would prefer not to make an error. If we may, we'll quite promptly give you full details of from where a large number of people came. We've all been to a big stadium. You know how many people are required in every aspect of logistics and safety and service. There are a large number of people.

**The Hon. Dr SARAH KAINE:** I appreciate that, Mr Alcock. Part of my motivation, so that you are aware, is that we've heard a series of witnesses already talk about ambiguity in how contractors and consultants are classified. I am curious as to how that was done in this case.

**RICHARD ALCOCK:** Yes, sure.

**The Hon. Dr SARAH KAINE:** That is part of the motivation—understanding that ambiguity and seeing what ends up on which part of the balance sheet. I know it sort of precedes both of you but, in terms of spikes in spending, in 2016-17 there seems to be quite large expenditure on consultancies. I know you've said you'll give us details. But is there any information you can provide now as to what projects were being undertaken in those years that might've required the large spend? It's close to about \$9 million over those two years.

**RICHARD ALCOCK:** Dr Kaine, we really want to make sure that any information we give you is accurate. If we may, we will respond in writing because, as you say, those arrangements preceded our involvement on the board.

#### ANSWER

Please note the response given above to Question 3.

#### QUESTION 5 – PAGE 19

**The Hon. MARK BUTTIGIEG:** But that definition between when a contractor is a contractor and when a consultant is a consultant—that comes from where?

**LORETTA DI MENTO:** I'll take that on notice in terms of the detailed definitions and guidance that our executive team would have, which likely filters through from the ministry in terms of guidance and why the—

**The Hon. MARK BUTTIGIEG:** From the ministry? So you would expect that other local area health districts would have the same definitional parameters, yes?

**LORETTA DI MENTO:** As I said, I'd expect that to be the case but I could take on notice the specific guidance that they have for us—for that to be provided.

## **ANSWER**

Definition of consultant can be found via as per the [Procurement Board Direction 2021\\_03 Engagement of professional services suppliers](https://info.buy.nsw.gov.au/resources/definition-of-a-consultant) and further guidance on NSW Buy site <https://info.buy.nsw.gov.au/resources/definition-of-a-consultant>

### **Consultant definition**

A consultant is defined as a person or organisation engaged under contract on a temporary basis to provide recommendations or professional advice to assist decision-making by management. Generally, it is the advisory nature of the work that differentiates a consultant from other contractors.

Services provided under the NSW Government Legal Services Panel are excluded from the definition of a consultant for annual reporting purposes.

### **Contractor**

**Contingent labour (or contractors)** refers to people employed by a contingent labour supplier and hired from that supplier by an NSW Government agency to provide labour or services. Contingent labour does not refer to consultants or companies engaged under a contract or statement of work to provide services to a client.

**Recurring services** are predefined in a contract and delivered on an ongoing basis for more than one year. Examples include repairs and maintenance, technical support, managed services and other outsourcing arrangements.

## **QUESTION 6 – PAGES 19-20**

**The Hon. MARK BUTTIGIEG:** In terms of your wage spend, we heard on previous evidence this morning that it's roughly 60 per cent of the total recurrent expenditure, which they quoted as about \$2 billion from memory, so \$1.2 billion roughly in wages. Would that be similar for the western area health district?

**RICHARD ALCOCK:** Could we please be accurate in the information that we give you? We don't have that precise number.

**The Hon. MARK BUTTIGIEG:** Sorry, for the purposes of the question, it's not necessary that I have precise numbers. I am just after some ballpark proportionalities. You would have an idea, wouldn't you, of the rough wage bill?

**LORETTA DI MENTO:** Yes. It's a bit over 60 per cent, as you say, of the total expenses.

**The Hon. MARK BUTTIGIEG:** What would the total recurrent expenditure be?

**LORETTA DI MENTO:** Again, taking the Chair's point that we need that to be confirmed—but it was approximately \$2.4 billion in expenses for 2022.

**The Hon. MARK BUTTIGIEG:** So we're talking about \$1.3 billion, maybe \$1.4 billion, ballpark. The proportion of use of consultants in the western area health district has dropped dramatically. I think the evidence we heard this morning from the south-eastern one was

\$360,000. You're saying it's dropped down to \$80,000. Was there a particular reason as to why it dropped so precipitously in your area?

**RICHARD ALCOCK:** Again, could we please have the opportunity of giving you an accurate answer in writing?

**The Hon. MARK BUTTIGIEG:** Sure.

#### **ANSWER**

Western Sydney Local Health District moved from a period driven by redevelopment and infrastructure growth back to business-as-usual operational mode which doesn't require engagement of consultants to deliver.

**The Hon. Dr SARAH KAINE:** Mr Alcock, I ask a follow-up question, taking on a theme that my colleague raised earlier about instructions from NSW Health. When you were engaging PwC for the vaccination hub, that was a large contract with a large amount of money. I just wondered what the layers of oversight and governance were with regards to approvals, discussions, ministerial imprimatur—what was the approval process for that large spend on that contract?

**RICHARD ALCOCK:** Dr Kaine, may we please give you this information in writing? It was a very compressed period of time. I think the number of days between the request to stand up the vaccination centre and opening the facility was about two weeks. We did go through proper process. If I may, what we'll do is we'll set out for you in writing what process we followed during that two-week period.

#### **ANSWER**

On 29 July 2021, Western Sydney Local Health District received approval from the NSW Health Acting Chief Financial Officer to undertake urgent local level procurement activities associated with the commencement of a mass vaccination centre at QBA.

Given the urgency and the climate at the time, NSW Health required authorisation by the Chief Financial Officer and Deputy Secretary, Financial Services and Asset Management (CFO) to direct negotiation under COVID-19 emergency procurement provisions.

The CFO had been nominated by the Health Secretary as agency head, under clause 4(1) of the Public Works and Procurement Regulation 2019, to authorise the procurement of goods and services to a value sufficient to meet the COVID-19 emergency.

The CFO had also been given delegated authority from the Minister for Health under Section 9.7(1)(b) and 9.9 of the *Government Sector Finance Act 2018* to commit or incur expenditure on goods, services and equipment to support the State's response to the COVID-19 emergency.

#### **QUESTION 7 – PAGE 22**

**The Hon. MARK BUTTIGIEG:** As part of that process, is the CEO required to give an analysis behind the decision-making or the parameters, if you like, or a template approach to, "In this case, we'll use consultants X, Y and Z; in this case, we'll use contractors A, B and C, and this was the rationale behind it"? Is there any reporting around that, or not really?

**RICHARD ALCOCK:** Could I take that question on notice? There is a continuum of reporting by the chief executive to the ministry and I would like to give you a considered response.

## ANSWER

The District complies with the requirements and definitions of the NSW Government Procurement Board Direction, *PBD 2021-03 Engagement of professional services suppliers*.

## QUESTION 8 – PAGE 22

**The CHAIR:** Just one final thing on the Qudos arena vaccination hub—I understand you're going to come back to me with more detail on notice, which is very much appreciated. Just as part of that, could you provide information as to where the vaccine supply was secured from? I understand that PwC had a Federal contract for vaccine supply at the time. I am particularly interested in whether the vaccines were then tied in at Qudos to the contract that they already had for supply, and whether that gave them an advantage over other contractors or outsourcers. Could you come back to me?

**RICHARD ALCOCK:** Certainly, Chair. Supply chain integrity of vaccines is obviously highly sensitive and I think it's unlikely that PwC would have been part of supply chain of vaccine. We will come back and answer your question.

## ANSWER

The vaccine supply for Qudos Bank Arena vaccination centre was coordinated through the NSW Health State Health Emergency Operations Centre (SHEOC).

Given the large amount of staff required to prepare these vaccines, pharmaceutical company Baxter Healthcare was contracted to provide staffing solutions.

## QUESTION 9 – PAGES 22-23

**The CHAIR:** Just so you know where I'm coming from, what I am trying to look at here is, with this devolved structure of governance where we have each local health district responsible, effectively, for their own financial situation, whether that has discouraged collaboration when it comes to using consultants or whoever on an economy of scale rather than just at the individual local health district level. Does the board ever get advice or look at what other districts are doing and say, "That is quite an interesting bit of work; I wonder if we can use some of that"? Or is there a very strict separation between local health districts?

**RICHARD ALCOCK:** The Bureau of Health Information is publishing, on a quarterly basis, the operational performance of every local health district. So it is usual, certainly for the health care quality committee of our board, to be looking at comparative performance. Otherwise, I think we'll have to take the question on notice, because I am not aware of any sharing. That may well occur, but it's a matter for our chief executive.

**The CHAIR:** As a hypothetical example, say a consultant had provided a revenue-raising initiative for one district. If you wanted to also embark on a project looking at different ways of raising revenue, would you have to start from scratch with another consultant, or would you get a discount from that consultant for the work they have already done somewhere else? Is there any of that happening, or is it purely that you all operate as though you're individual entities?

**RICHARD ALCOCK:** I'm sorry, we really need to come back to you in writing because Loretta and I just don't know.

## ANSWER

While there is a devolved structure in NSW Health, it adopts a networked model where there is collaboration between local health districts and specialty health networks.

All Chief Executives attend a monthly round table discussion – the Senior Executive Forum where they liaise with each other and the Ministry on best practise models for service delivery across the state and identify common challenges and solutions.

The Board Chairs have a similar structure where they regularly meet via the Council of Board Chairs.

## QUESTION 10 – PAGE 23

**The Hon. MARK BUTTIGIEG:** On the operation of the board and potential conflicts of interest, I understand the minutes are the official reflection of what decisions are made and proceedings. In between those meetings, though, it wouldn't be unusual for board members to have discussions about operational matters in preparation for meetings or subject-matter discussions, would it? Surely those conversations go on.

**RICHARD ALCOCK:** We've been quite disciplined that the only place in which operational matters of our district should occur is at our board meetings and should be led by our chief executive. So we don't have corridor discussions between individual board members. To our mind, that is the essence of poor governance.

**The Hon. MARK BUTTIGIEG:** Is that articulated anywhere in writing—in the charter or board minutes or anything like that?

**RICHARD ALCOCK:** It's a principle. It's a convention. It's a principle of good governance that you discuss Western Sydney Local Health District matters either in board meetings or board committee meetings. You don't discuss them elsewhere.

**The Hon. MARK BUTTIGIEG:** Do you think it would be, perhaps, an idea to document that sort of discipline so that people know that they are only to discuss things in board meetings and make decisions there, given what we've heard on evidence this morning regarding board minutes?

**RICHARD ALCOCK:** Every board member of our district signs a confidentiality deed as part of the induction process and that is a universal continuing obligation.

**The Hon. MARK BUTTIGIEG:** Is it explicit about the confidentiality being only at board meetings, or is it just a general confidentiality agreement that they're not to discuss board matters with third parties?

**RICHARD ALCOCK:** I'd have to look at the deed of confidentiality but the general principle is you're only discussing board matters in the context of board meetings.

**The Hon. MARK BUTTIGIEG:** Would you be able to table a copy of that confidentiality agreement for us?

**RICHARD ALCOCK:** Yes, sure. I'm sure we use the standard NSW Health deed but we can certainly provide that.

## ANSWER



Every new Board member is required to sign the NSW Health Code of Conduct upon commencing. The Code includes the following areas:

- Demonstrate honesty and integrity
- Acting professionally and ethically
- Use official resources lawfully, efficiently, and only as authorised
- Maintain the security of confidential and / or sensitive official information.

Board members are also reminded of their obligations from time to time through the course of business and/or when considering specific matters. It is also important to note that confidentiality extends beyond the board meeting itself.

### **QUESTION 11 – PAGE 23**

**The CHAIR:** There were a number of recommendations made by the Auditor-General in 2019 in relation to the governance of local health district boards. There were a number of findings and recommendations in relation to the relationships between the board and the chief executive, and the Chair and the chief executive, and looking at the fact that the Chair is appointed by the Minister, but then you've got also the executives being appointed by the Minister and not the board. Looking at what those relationships were, did you take on board any of those recommendations, or was there a process where that report got discussed at a board level?

**RICHARD ALCOCK:** Chair, could I take that question on notice because I'll have to reflect my recollection. Certainly, something as significant as an Auditor-General's report on composition and operation of boards would have been something that we considered, but I just can't remember when.

**The CHAIR:** Thank you. I'm asking you these general questions just to inform us as to what the process would probably be at other sort of local health district boards as well.

### **ANSWER**

The NSW Auditor-General's Report on the Governance of Local Health Districts was released on 18 April 2019. It was sent to the Board Chairs for discussion by Ms Elizabeth Koff, the then Secretary, NSW Health, noting she was seeking comments before they discussed as a group of Board Chairs.

The report was circulated to Western Sydney Local Health District Board members and the ARC members on 1 May 2019 and a consolidated response from the District Board after consideration was sent to the Ministry of Health on 4 June 2019.

## SYDNEY LOCAL HEALTH DISTRICT

### QUESTION 12 – PAGE 38

**The CHAIR:** We've heard a lot about the distinction between consulting and contractors. I think we've pulled out how much consulting work you have paid for from the district since 2011. Do you have a number that also includes things that would be labelled "contracting" or "outsourcing" that's gone to consultant firms?

**TERESA ANDERSON:** I'll have to take that on notice, but we use between \$2 million and \$4 million a year on contractors. That would include when we get someone in to do a valuation—when they come in and work within the district, according to the ministry's definition. That is different, obviously, to consultants. That includes when we get in contractors to do plumbing et cetera. Although Sydney Local Health District employs amazing staff within our capital infrastructure and engineering team, from time to time when we are doing works we will need to get in some additional people. That certainly also increased during COVID, when we were with Sydney Local Health District, as you know. We ran the special health accommodation in the quarantine program and the Sydney Olympic Park vaccination centre. We did use contractors for some of the security and cleaning et cetera where we weren't able to employ staff.

### ANSWER

The total contractor spend since 2014 for Sydney Local Health District is \$42.7 million. A few examples: contract spend included \$483,000 for traffic controllers in Summer Hill in 2021-22 to manage high volume of COVID-19 testing in the community and \$210,000 for a medical imaging system (RIS/PACS) data security service in 2022-23.

The District component that also includes "contracting", or that has gone to consultant firms, is \$1.5 million since 2014.

The consultant costs in contractors spend represents 3.6% average since 2014. The average total contractor spend over this period is \$4 million per annum.

Note - data from 2011-12 to 2013-14 is not available due to the decommissioning of Oracle 11i.

### QUESTION 13 – PAGE 39

**The CHAIR:** Which is very impressive. When the activity-based funding got introduced between 2012 and 2014, when that model came in, what were the additional pressures, particularly on the board members, to be able to understand the financial operations of the district?

**TERESA ANDERSON:** We did a lot of education. The ministry established at the time an activity-based activity task force—sorry, it changed its name a few times so I'll have to take on notice what the name was—but that task force spent a lot of time with local health districts. We had to develop implementation plans and report back to both the board and the ministry in relation to that and, as you saw from the board minutes, we have a very robust financial risk and performance committee where we go through in great detail, as well as the audit and risk management committee. It was multi-pronged, not just the board, but those governance structures that helped in terms of understanding where we were going. It has been a learning experience for all of us because, as you know, the Commonwealth has

changed from time to time how our activity is counted, so it's been an ongoing learning experience for all of us.

## **ANSWER**

The NSW Ministry of Health established the Activity Based Funding Taskforce. An objective of the Taskforce was to ensure that each local health district was adequately prepared for the introduction of activity-based funding.

On 9 December 2011, Dr Teresa Anderson became a member of the Ministry's Activity Based Funding Management Advisory Group.

On 9 December 2011, a half-day workshop was held, where KPMG demonstrated a prototype of the web-based survey tool. This workshop was attended by members of the District Board, facility executives and relevant Sydney Local Health District staff.

On 16 May 2012, the Ministry held the NSW Health Activity Based Funding Symposium. Board Member Vitoria Weekes attended on behalf of the Sydney Local Health District Board Chair.

In addition, Sydney Local Health District established an Activity Based Funding Executive Steering Committee. The Minutes of this Committee were tabled and reviewed at each Board meeting.

Sydney Local Health District also established a Funding and Reform Committee. The Minutes of this Committee were tabled and reviewed at each Board meeting.

## **QUESTION 14 – PAGE 39**

**The CHAIR:** The minutes disclose in 2012, I think February and June, and also in October 2014 there were briefings given to the board at those board meetings—from PwC in 2012 and KPMG in 2014, just as examples. When those firms came in to provide briefings—and I think both firms had come in to provide briefings on activity-based funding or aspects to do with it—was that information given pro bono? Was it on the assumption that there would be something afterwards? What was the nature of that sort of engagement for those briefings?

**TERESA ANDERSON:** My recollection is that that was actually part of the NSW Health engagement. I'll need to go back and have a look at the minutes and the engagements, but I'm pretty sure that that was the case. But I'll need to take it on notice.

## **ANSWER**

On 21 November 2011, correspondence from Dr Nigel Lyons, Acting Deputy Director-General, Strategy and Resources, confirmed the NSW Ministry of Health had engaged KPMG to undertake an activity-based funding readiness assessment, which would provide local health districts with an assessment of readiness for the new funding model. Sydney Local Health District did not engage KPMG to undertake this body of work.

## QUESTION 15 – PAGE 41

**The CHAIR:** Were you a director of Cosmos Cosmetic Enterprises Pty Ltd?

**JOHN AJAKA:** At the time of?

**The CHAIR:** When you joined in July 2021.

**JOHN AJAKA:** I do not believe so. I believe that occurred subsequently.

**The Hon. SCOTT FARLOW:** It is of course open for you to take that on notice, if you so wish.

**JOHN AJAKA:** And I think that is the better way, so that I can be 100 per cent accurate. Let me take that on notice and come back to you.

**The CHAIR:** If it is helpful, I have got the ASIC register.

**JOHN AJAKA:** Please, if you have got an exact form there I will accept that as the date.

**The CHAIR:** I have an ASIC register that says you were appointed on 1 June 2021 and that you ceased to be a director on 8 December 2022. Does that sound right?

**JOHN AJAKA:** Absolutely.

**The CHAIR:** So would that have been disclosed or do you know if that was disclosed in the register?

**JOHN AJAKA:** Yes, the Cosmos would have definitely been disclosed.

**The CHAIR:** Was that disclosed on the CV when you were first appointed, or did that go as a separate—I am just thinking about the timing.

**JOHN AJAKA:** I would need to take that on notice, because I cannot recall when I put my application in to join the board. If, for example, I put my application in May, then the answer would be no, if I was appointed in June. If I put my application subsequent to that then, yes, it would have been.

## ANSWER

My application for appointment to the Sydney Local Health District Board Chair was submitted on 19 May 2021.

My CV only mentions companies to which I had been appointed as a non-Executive Director.

## QUESTION 16 – PAGE 43

**The CHAIR:** What percentage of the consulting work that your company does is for NSW Health?

**MARY HAINES:** I'm afraid I have to take that on notice. I didn't prepare because I thought I was here representing the Sydney Local Health District Board—

## ANSWER

Mary Haines was invited to appear as a witness and provide evidence to this committee on behalf of the Sydney Local Health District Board regarding the District's use and management of consulting services. Mary Haines, as the Deputy Chair of the Board, accepted the invitation.

In addition to her role as Deputy Chair of the Board, Mary Haines holds other positions that have been disclosed to SLHD, including:

- Senior Adviser at the Sax Institute
- Adjunct Professor at the Menzies Centre for Health Policy and Economics, School of Public Health, University of Sydney
- Director of Mary Haines Consulting Pty Ltd.

Regarding Mary Haines Consulting Pty Ltd, the following information is provided:

- It is a very small practice employing two people.
- The practice primarily offers highly specialised research and evaluation advice.
- It is engaged in temporary, project-specific specialised activities for the government, university, and non-government organisations in the areas of health and social policy.
- It adheres to the NSW Government supplier code of conduct and discloses any potential conflicts of interest when engaged by the NSW government.

Specifically, regarding the direct question asked:

- Over the past 2 financial years, 40% of the work undertaken by Mary Haines Consulting Pty Ltd was for NSW Health (mainly for branches in the Ministry of Health). None of these projects were for local health districts.
- In the period FY17/18 to FY22/23, NSW Health spent \$1.29m with Mary Haines Consulting Pty Ltd. The related engagements were undertaken by Ministry of Health, Cancer Institute NSW, Health System Support Group and Bureau of Health Information.
- There is no connection between Mary Haines's role as a member/Deputy Chair of the Sydney Local Health District Board and her practice's engagement for these specialised projects provided to other parts of NSW Health.
- Mary Haines Consulting Pty Ltd has not provided any consulting services to Sydney Local Health District.

## QUESTION 17 – PAGE 44

**The CHAIR:** I was distracted before. On the question about NSW Health contracts, from a quick search of your website, it does appear that there are a number of NSW Health contracts and a lot of work.

**MARY HAINES:** Yes, there are.

**The CHAIR:** If you could come back on notice, that would be great.

## ANSWER

Please refer to the response provided to Question 16.



## SOUTH EASTERN SYDNEY LOCAL HEALTH DISTRICT SESLHD BOARD REFERRAL NOTE

<b>Referral From</b>	Michael Still, Chair of SESLHD Board	18 August 2015
<b>Submitted for (bold relevant)</b>	Approval                  Discussion <b>Noting</b>	Information

### Purpose:

- To note the procedure undertaken to ensure appropriate Board governance in the circumstances of the Local Health District (LHD) purchasing the services of PricewaterhouseCoopers (PwC) in which Board Member Kristin Stubbins maintains a financial interest.

### Background:

- In the past year the consulting firm of which Ms Stubbins is a partner, PwC, has been engaged to perform consulting assignments for the LHD. These have been notified to the Board, as has a potential or perceived conflict of interest of Ms. Stubbins, due to her partnership in PwC and her consequent financial interest.
- In March 2015 and prior to any negotiation or contract with PwC Ms Stubbins and with the consent of the Board at its meeting in March 2015 meeting, temporarily stepped aside from her Board position so as to remove herself from the decision of the board to engage PwC and its approval of payment sum and contract terms.
- In May 2015 the Chief Executive again wished to instruct PwC to provide consulting services. This was approved by the Board. Again, Ms. Stubbins, with the consent of the Board, stepped down from the Board. This will continue for the period of the consultancy.
- Ms Stubbins personally is currently also involved in mentoring the Chief Financial Officer (CFO) in order to improve the financial reporting of the LHD and the stress testing of the 2015/16 budget. No payment will be made to Ms Stubbins or to PwC for this assistance.