

Ms Abigail Boyd MLC
Chair
Public Works and Accountability Committee
Legislative Council
Parliament House
Macquarie Street SYDNEY NSW 2000
Email: pawc@parliament.nsw.gov.au

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 30 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 at

Yours sincerely

Susan Pearce AM
Secretary, NSW Health

**INQUIRY INTO NSW GOVERNMENT'S USE AND MANAGEMENT OF
CONSULTING SERVICES**

HEARING – Friday 30 June 2023

NSW HEALTH

SUPPLEMENTARY QUESTIONS

eHealth NSW

QUESTION 1

Please list all engagements since 2011 with PwC, KPMG, Deloitte, EY, Accenture, McKinsey, Nous, Boston Consulting Group or any other 'boutique' consultancy agency. In your answers please detail:

- (a) the consultant engaged,
- (b) The purchase order for the engagement,
- (c) the details of the work requested for each engagement,
- (d) the details of the work undertaken for each engagement,
- (e) the tendering process for the engagement,
- (f) which consulting agencies were approached for a quote or tender for each engagement,
- (g) the initial value of the engagement,
- (h) the contract period relating to the engagement, and whether the engagement period was extended. If the engagement was extended, the additional length of that engagement as a result of the extension and the additional value of each subsequent extension,
- (i) the total value of the engagement,
- (j) The approval documentation for the engagement
- (k) whether a post-engagement evaluation of the work was completed,
- (l) the conflict of interest disclosures provided by the engaged firm prior to commencing work on the engagement or that arose during the course of the engagement, and
- (m) what steps were taken to avoid or mitigate the risk of conflict of interest.

ANSWER -

Please refer to document provided titled *Consolidated NSW Health Entity Responses - Question 1 - Consultant Engagements*.

QUESTION 2

Was PwC partner Kevin Reilly engaged in 2013 to oversee the IT Corporate Program?

ANSWER -

Mr Reilly was engaged by HealthShare NSW from the SCM0020 ICT Services Scheme to act in the role of Director, Corporate Portfolios, for the ICT Corporate program from November 2013 to October 2014.

QUESTION 3

Was a conflict of interest disclosure recorded by either the former Chief Executive of eHealth NSW, Michel Walsh, or Kevin Reilly, regarding their personal relationship and/or landlord/tenant relationship?

(a) If yes, what measures were put in place to mitigate or avoid the risk of conflict of interest?

ANSWER -

It should be noted that the phrasing of this question ascribes Michael Walsh's title at the time as "Chief Executive of eHealth" - his correct title at the time was "Chief Executive of HealthShare NSW". HealthShare NSW has no records documenting a conflict of interest or personal relationship and/or landlord/tenant relationship between Mr Walsh and Mr Reilly.

QUESTION 4

4. Did Kevin Reilly ever approve any purchase orders regarding consulting engagements that went to PwC? Please provide details.

ANSWER -

No. As a contractor, Mr Reilly had no financial delegation to approve purchase orders.

Health Infrastructure

QUESTION 1

Please list all engagements since 2011 with PwC, KPMG, Deloitte, EY, Accenture, McKinsey, Nous, Boston Consulting Group or any other 'boutique' consultancy agency. In your answers please detail:

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- (m) what steps were taken to avoid or mitigate the risk of conflict of interest.

ANSWER –

Please refer to document provided titled *Consolidated NSW Health Entity Responses - Question 1 - Consultant Engagements*.

HealthShare NSW

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- (a) the consultant engaged,
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ANSWER –

Please refer to document provided titled *Consolidated NSW Health Entity Responses - Question 1 - Consultant Engagements*.

NSW Ambulance

QUESTION 1

Please list all engagements since 2011 with PwC, KPMG, Deloitte, EY, Accenture, McKinsey, Nous, Boston Consulting Group or any other 'boutique' consultancy agency. In your answers please detail:

- (a) the consultant engaged,
- (b) The purchase order for the engagement,
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- (m) what steps were taken to avoid or mitigate the risk of conflict of interest.

ANSWER -

Please refer to document provided titled *Consolidated NSW Health Entity Responses - Question 1 - Consultant Engagements*.

NSW Government's use and management of consulting services

NSW Health hearing – 30/06/2023

Questions on Notice

NSW Ambulance

QUESTION 1 – PAGE 16

But as a chief executive, my responsibility is to actually have the skills to articulate the economic benefit to people that have to have a comparative view of apples across apples. That's kind of my job. In this particular case, with SWIFT, I used the resources or we used the resources at our disposal to put our best foot forward in a language that could be assessed on its merits.

The CHAIR: Are we able to see the modelling that was done as part of that?

DOMINIC MORGAN: Yes.

ANSWER

This information is considered Cabinet in Confidence.

Healthshare NSW

QUESTION 1 – PAGE 22

The CHAIR: Did those consultant firms—for example, PwC and KPMG—give you disclosures in relation to the other players they might have been doing work for at the same time? They are such large companies. Were they also doing work for the suppliers? Did they disclose that or give you any assurances about that?

CARMEN RECHBAUER: I would have to take that question on notice because that's actually a process question. What I can say is that every supplier that approached NSW Health at that time and wasn't already on our panel had to go through a process that was managed by HealthShare staff.

ANSWER:

Consultancies used during the pandemic were participants of NSW Treasury's Performance and Management Services Prequalification Scheme.

The Scheme Rules cover consultant obligations in relation to code of conduct, conflict of interest disclosure and confidentiality.

There are two key documents under the Scheme that form a contract (or Agreement) between an agency (e.g., HealthShare NSW) and a supplier (e.g., a professional services agency):

- The Standard Form of Agreement, which includes the agreed terms and conditions of the agreement (or contract) between the supplier and the agency. All suppliers under the Scheme must agree to these terms and conditions to be listed by NSW Procurement as either 'Full Prequalification (>\$50K)' or 'Base Prequalification (<\$50K)'. Engagements during COVID were primarily secured using the Standard Form of Agreement; and
- The Agreement Details, which include the specific details of the services being provided by the supplier to the agency (i.e., business names, the start/end date of the engagement, costs, services provided, and key contacts).

With regards to conflicts of interest, the Full Prequalification terms and conditions require a supplier to agree that no conflict of interest exists at the date of them signing the agreement, and that no conflict of interest is likely to arise during the life of the agreement.

Under the agreement, suppliers must also notify agencies immediately in writing if they become aware of the existence, or possibility, of a conflict of interest.

With regards to confidentiality, the Full Prequalification terms and conditions state that suppliers must not disclose any confidential information to any person without the prior written consent of agencies and must take reasonable steps to ensure that confidential information in their possession is kept confidential and protected against unauthorised use and access.

Based on our experience and knowledge, consulting firms have processes in place to identify any real, potential or perceived conflict of interest prior to commencing an engagement, then track and monitor the conflicts which may arise during the engagement. If a conflict of interest is identified, this is discussed, and appropriate conflict management protocols are implemented to remove or manage the conflict.

No specific disclosures or conflicts were raised with HealthShare NSW by consultancies during this period.

QUESTION 2 – PAGE 22

The Hon. Dr SARAH KAINE: Could I ask a follow-up question? I know the Chair has asked, but I'm still struggling to understand the actual functions of the consultants. I know it was in a very pressured time and, as you said, you did things very quickly, which is a credit to you. We just heard from NSW Ambulance and we were talking about one of their uses of consultants. They had a procurement plan. Because you were in such a constrained time frame, did you have things like procurement plans? I just wondered if there was something documented that would give me a better sense of what those tasks were, which I think this did for Ambulance. Is there something that you could provide that will allow me to understand a bit better?

CARMEN RECHBAUER: I can certainly take that on notice. I am absolutely sure that we do. I think what we need to also understand is that when we were working through COVID we were working under the emergency procedures and within those guidelines. So they are slightly different to what business as usual is.

ANSWER:

KPMG and PwC were engaged using the NSW Government's Emergency procurement guidelines.

Given we were working in such a constrained timeframe (per the Hon. Dr SARAH KAINE), HealthShare NSW did not always have the time or resources to develop Procurement Plans, especially for the engagement of consultants at short notice. This is consistent with the emergency procurement guidelines which state that agencies "can use any procurement method that meets your needs in the time available".

These engagements ensured the design and implementation of numerous supply chain measures to ensure continuous availability and visibility of critical products for the NSW Health system and community.

Their support was particularly focused in areas where HealthShare NSW lacked the knowledge, skills and/or capacity to deliver immediate requirements.

KPMG

KPMG was appointed from the NSW Government's Performance and Management Services Prequalification Scheme. There were two separate, but related engagements:

- procurement support
- supplier qualification.

These engagements were approved by the HealthShare NSW Chief Executive, the NSW Health Strategic Procurement Officer, and the NSW Health Deputy Secretary of Finance and Asset Management and Chief Financial Officer.

As part of the engagements, KPMG provided additional resources and capability uplift to support the procurement and distribution of critical supplies across the following five key procurement categories:

- personal protective equipment (PPE)
- medical equipment

- consumables
- pathology
- pharmaceuticals.

KPMG was also engaged by HealthShare NSW to develop and implement a new vendor qualification process in response to a large increase in donations and expressions of interest from new suppliers to provide critical pandemic-related supplies.

PwC

PwC was appointed from the NSW Government's Performance and Management Services Prequalification Scheme. There were two separate, but related engagements:

- supply chain management and planning for the NSW Health System
- NSW Health supply chain reform.

These engagements were approved by the HealthShare NSW Chief Executive, the NSW Health Strategic Procurement Officer, and the NSW Health Deputy Secretary of Finance and Asset Management and Chief Financial Officer.

The scope of the supply chain management and planning work included:

- medical supplies and equipment forecasting
- reporting, including milestone tracking and product shortages
- management system, operating model and procurement team support
- international logistics and supplier management
- domestic distribution and logistics.

In July 2020, PwC was also engaged by HealthShare NSW to support the reform of supply chain practices (dock to ward) for consumables and pharmaceuticals within hospitals at South Eastern Sydney Local Health District. This work has subsequently informed NSW Health's broader procurement and supply chain reform program.

As a result of these engagements, HealthShare NSW has been able to build significant internal capability and expertise. For example, the procuring of rapid antigen test (RAT) kits for the pandemic response occurred entirely without consultancy assistance. Furthermore, the reporting capability that was developed has allowed HealthShare NSW to provide the NSW Health system with far greater visibility of product shortages to support responsible inventory management.

QUESTION 3 – PAGE 23

The CHAIR: Just coming off of the comments from Mrs Taylor, no-one on this Committee has suggested, so far, that there is never a use for consultants. Clearly there is a limited time for consultants when expertise is being brought on. It sounds very much like you've taken that opportunity to upskill and all the rest of it. The questions I was asking were really around that, as we know, suppliers were price-gouging during that time and taking advantage of the crisis. The consultant firms also made a really huge amount of profit during that time. Part of what this Committee is doing is looking at exactly how consultants are used and the ethics around what they are doing as well, so please take these questions in that light—we're not criticising your actions during COVID. I am curious as to exactly what was being offered by PwC and KPMG in terms of helping to source product quickly, at the best price and then

doing the logistics, and how potential conflicts of interest with their other global clients were disclosed to you and managed.

CARMEN RECHBAUER: We obviously have an ongoing relationship with a number of consultants over the years, largely to transfer skills, as I've said. There is a framework that we operate within, whereby consultants are required to disclose if there are conflicts of interest, and then what we need to do is manage those conflicts of interest. That didn't change during COVID. But in terms of the specific skills that they brought to the table, it was largely around international logistics capabilities, understanding how that works and helping us to understand how that works. We were able to link up with the right skill set.

They also designed and implemented the supply chain management that we needed to have to ensure the continuity of supply at the time—those documents are definitely available, and that might be something that would help you—which, at that time, was extremely new to us.

ANSWER:

Please refer to answers for provided above to Question 1 regarding conflicts of interest and consultant roles.

QUESTION 4 – PAGE 23

The Hon. SCOTT FARLOW: Thank you, Ms Rechbauer, for your attendance here today. In terms of the pandemic, there were two different issues. One was that expertise, as you've outlined, in terms of that international knowledge. The second one was that, more than ever, government was required at the start of the pandemic, and there was a "hands and legs" approach of needing more personnel. You were talking about all of the requests that were coming into HealthShare and all the unsolicited offers, whether it be masks, ventilators or the like. I must say, through my experience as an MP—and I'm sure others had that experience at the time, as well—there were a lot of people that came knocking on your door. What sort of processes were put in place to try to sift through those proposals? And what sort of experience did the consultants bring to bear in that approach, that HealthShare wouldn't necessarily have had, in what were quite quick turnaround times at the time?

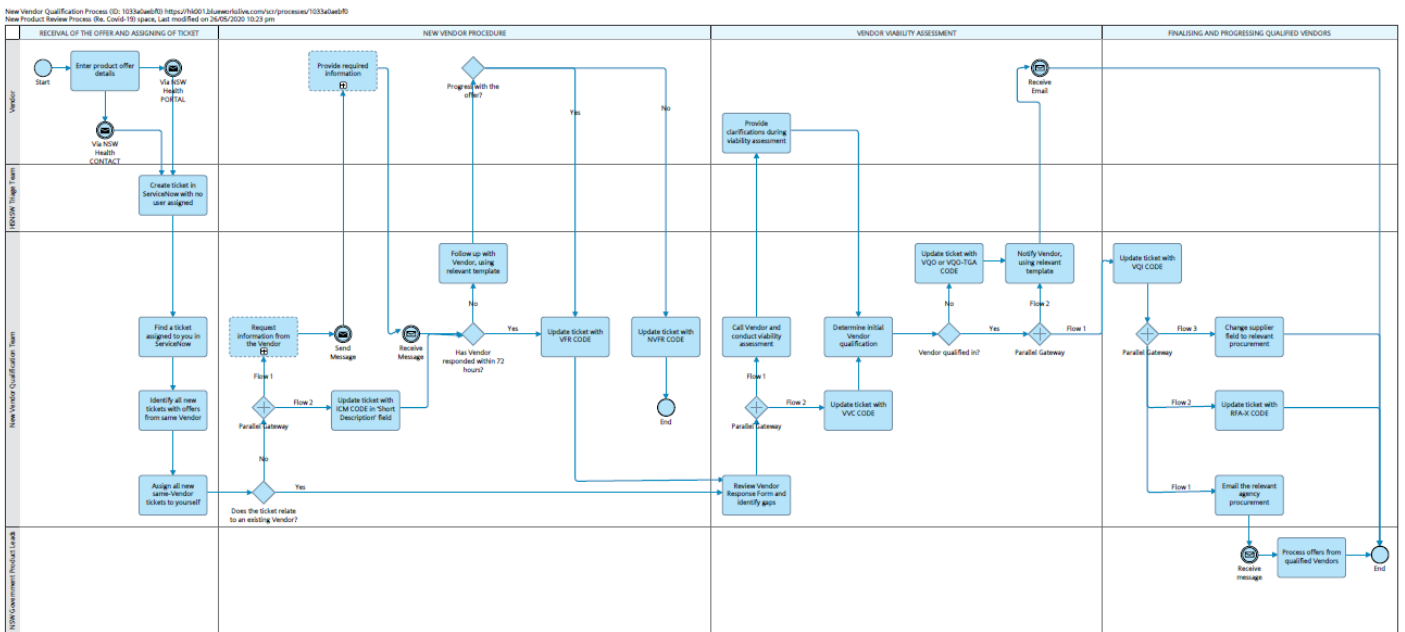
CARMEN RECHBAUER: We needed to establish the credentials of the suppliers that were approaching us. We needed to be able to understand their capacity to supply in the volumes that we were after. We needed to understand their relationships with manufacturers and distributors. As you can imagine, there were many claims about what they could and couldn't do. So there was quite a detailed process—which I'm happy to supply; we had to document that—in terms of what we asked for suppliers.

ANSWER:

There were several new processes implemented in the first half of 2020 to manage the immediate and unprecedented influx of **new vendors** as well as the **assessment of new and donated products** to ensure clinical suitability.

A new **Vendor Qualification Process** was established with the assistance of KPMG to triage approaches from vendors wanting to supply critical goods to the system. The vendor qualification work involved the development and maintenance of process maps to support the vendor assessment process, as well as implementation and monitoring of the new process, which was maintained in the ServiceNow system.

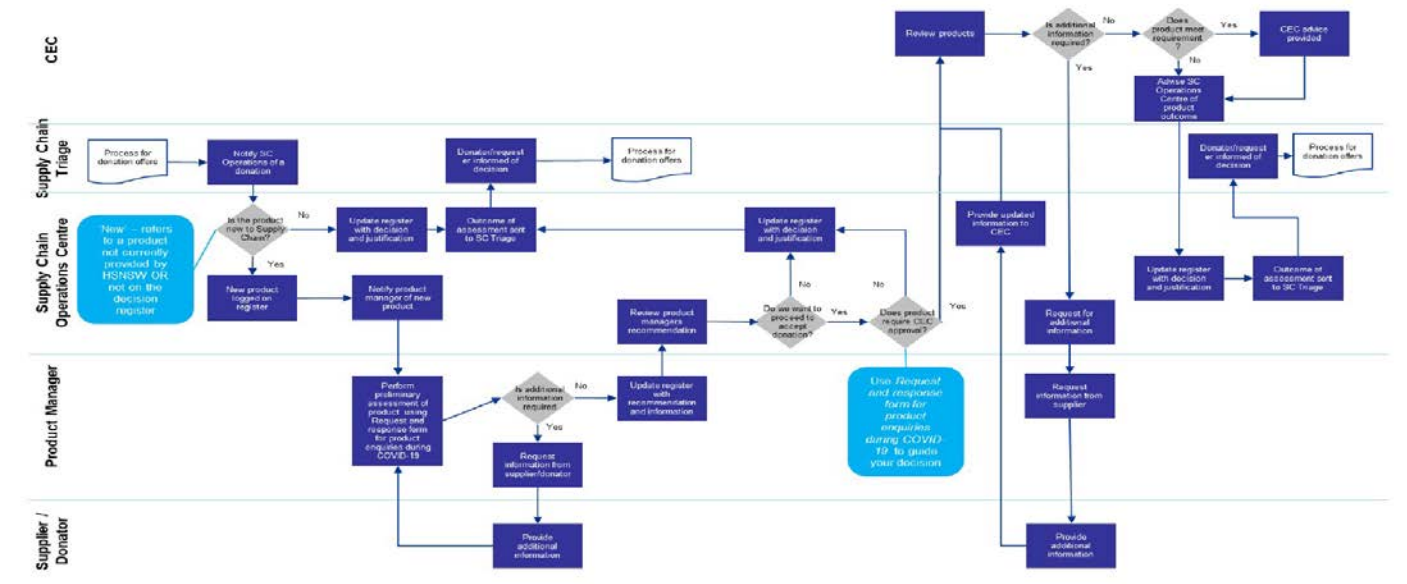
Below: New Vendor Qualification Process Map



The assessment of products was completed by HealthShare NSW staff in consultation with the Clinical Excellence Commission (CEC).

Below: Evaluation of Donations Process Map

Figure 2: Donations product assessment process



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QUESTION 5 – PAGE 25

The CHAIR: I have one final question. Feel free to take it on notice if it's easier. When you said that those consultants from PwC and KPMG were involved in helping to develop a shortlist of approved suppliers, or helping with that work, were they also, to your knowledge, doing that for other States and Territories?

CARMEN RECHBAUER: I'm not aware of that.

The CHAIR: Perhaps if I could ask you to take it on notice, in terms of looking at whether there was any discount offered for work that was of the same nature being done in other parts of the country? That would be very useful for us.

ANSWER:

The selection of medical consumable and equipment suppliers during the pandemic period was conducted by HealthShare NSW staff. Consultancy involvement was limited to new process establishment. Please refer to answer provided above regarding the vendor qualification process.

HealthShare NSW is unaware of specific commercial arrangements between these consultancies and other Australian States or Territories, and no discount based on shared benefit was received.

Both PwC and KPMG were appointed from the NSW Government's Performance and Management Services Prequalification Scheme, which requires suppliers to agree that no conflict of interest exists at the date of them signing the agreement, and that no conflict of interest is likely to arise during the life of the agreement.

Health Infrastructure

QUESTION 1 – PAGE 28

The Hon. MARK BUTTIGIEG: You know how you said, you put on evidence that there was a set amount of—I think there's a term like "pre-approved". They're just regular contractors you use, your tried and true, for want of a better word, no?

REBECCA WARK: Under the different panels, different contractors are approved for different values of work. Depending on the estimated total construction cost, we would select a number of contractors to go onto a tendering panel—similarly with consultants, like architects and project managers as well. They are pre-qualified to bid for certain values of work.

The Hon. MARK BUTTIGIEG: How often is that pre-qualified sort of list reviewed? And against what criteria?

REBECCA WARK: I can provide more advice on that on notice, but it's my understanding that HI reviews our panels annually and different contractors can apply. If they understand they've had other relevant experience over a particular period, they can apply to be approved at a different amount.

ANSWER:

Health Infrastructure uses whole of government pre-qualification schemes and procurement lists for procuring consultants, including SCM0005 Performance and Management Services Scheme, SCM1191 Consultants in Construction up to \$9 million Scheme and SCM10611 Consultants in Construction above \$9 million Procurement List.

The whole of government schemes are managed by NSW Procurement (SCM0005) and Public Works Advisory (SCM1191 and SCM10611).

Information about the schemes and procurement lists, including what is covered, how to buy using the scheme and conditions for supplier participation are available on the NSW Government procurement site <https://info.buy.nsw.gov.au/>. A consultant can join any time during the year by following the application process.

Health Infrastructure has established a Contractor Procurement List for Construction Services, which covers construction and related works requirements, with estimated contract values of \$9 million and over. This is the list to which Ms Wark referred to in-session, noting it is refreshed annually but relates to building contractors, not consultants.

QUESTION 2 – PAGE 29

The CHAIR: I've got another one here in front of me that was published on 14 July 2021 in relation to the Sydney Children's Hospital, Randwick, stage one, again granted to PricewaterhouseCoopers for \$11.3 million, again to be a project manager. This one runs from 17 June 2021 to 31 March 2026. It appears to have been issued without any tender. Is that correct? Or is that because it's a variation?

REBECCA WARK: My understanding is that it did go to tender and the other tenderers were Aurecon, Johnstaff and TSA. I'm not sure what you're looking at there, but it's possible it's a variation. I can take the question on notice.

The CHAIR: If you could come back to me with exactly how much the variation was worth as well, that would be useful. So there are those two. We will look at some more recent ones.

Again, I am trying to bring out examples to understand how these things are done and how they come about. We've got here that KPMG was awarded, on 14 June this year by Health Infrastructure, something to do with an MME asset register. Could you tell us what that one is? It was \$650,000 worth.

REBECCA WARK: I don't recall the precise detail, but MME is major medical equipment. We have a role, since there was a new Treasury guideline brought in two to three years ago, in assisting the local health districts and networks around setting up their asset management frameworks and increasing their internal capability within their own workforce. Major medical equipment is one component of that. Part of it is data collection and part of it is setting up the framework, but I'm not familiar with the exact scope of that contract. I can take that on notice.

The CHAIR: Thank you. Something like that—would that then sit outside the spend that you were talking about before, which is wrapped up into infrastructure? Would this be something that was more of a standalone piece for Health Infrastructure or would it also be part of a project?

REBECCA WARK: It depends on the nature of the scope. Our asset management business is partially managed separately to our main capital works projects because it's a specific task to improve the maturity of the capability of the districts and networks in that asset management space.

The CHAIR: Can you estimate the percentage of the spend on consultants that is to do with project management of infrastructure projects?

REBECCA WARK: I can advise that not just for project managers but the approximate spend of all of our consultancy across all of our delivery and construction is in the order of 95 per cent.

The CHAIR: Would they ever be doing something that wasn't project management as part of that?

REBECCA WARK: Architectural design and cost planning could be in relation to specific commissioning exercises, or facility design. If it's project management, they are also involved in doing the community consultation and user group meetings with the hospital teams.

The CHAIR: Would it be fair to say that most of it was project management?

REBECCA WARK: I would have to take that on notice because there's quite a large spend on our principal designers also.

The CHAIR: That would be useful.

ANSWER:

Sydney Children's Hospital, Randwick, Stage One

This relates to *Consultants in Construction* procured via Whole-of-Government scheme SCM1191.

The Project Management services for this project were initially procured through a competitive tender process including tenderers Aurecon, Johnstaff, PwC and TSA. PwC was the successful tenderer, appointed for the initial phases of the project. The latter phases of the project were administered as a variation to the original contract, however fees were

based on the original tendered rates with a 10% discount and reviewed and recommended by a Quantity Surveyor to ensure the variation represented value for money.

Development of the Major Medical Equipment (MME) Asset Register

This relates to *Professional Services* procured via Whole-of-Government scheme SCM0005, Category 5 Financial services, Sub-category 5D Asset Management.

The development of the MME Asset Register is a piece of work delivered as part of the Asset Management program to achieve whole of NSW Health compliance with the NSW Government Asset Management Policy issued by NSW Treasury. A review of in-house capability and capacity determined that there were insufficient skills and capacity within Health Infrastructure and specialist services were required. This was documented in a procurement strategy. The works were procured through a competitive tender process including tenderers KPMG, Deloitte, Ernst & Young, O'Connell Advisory & PWC. KPMG was the successful tenderer.

The project will establish and test the data requirements for managing the state-wide portfolio of major medical equipment (MME). KPMG's work includes identification of technical and business requirements, preparing the business processes and tools, completing pilot data sets and preparing a forward work plan for NSW Health to then work with its local resources to develop and populate this asset register.

Percentage Spend on Project Management

The types of capital consultants required for a project vary depending on the scale and complexity of the project. For a typical capital project Health Infrastructure allocate in the order of 6% of the total project budget for consultants. This would include project management, architect, cost manager, town planner, surveyor and a range of engineers including mechanical, electrical, hydraulic, traffic, environmental sustainability, and others.

Of this 6%, approximately 1.5% would be attributable to outsourced project management costs.

QUESTION 3 – PAGE 32

The Hon. MARK BUTTIGIEG: There was an Auditor-General's report into the Government's use of consultants, and it identified a lack of documentation as being a major contributor to limited oversight into how consultants were engaged or managed. So, in your particular area, are you able to take us through how records of consultancy engagements are collected and where they are stored?

REBECCA WARK: Yes. We have a procurement department which manages that. It's all stored electronically these days. I can take that on notice and give you some more detail in relation to that, but I am not aware of any issues which Health Infrastructure has—that you are referring to—from the Auditor-General's report.

The Hon. PETER PRIMROSE: Can I just follow on from that? And, please, take this on notice. I would be interested, without looking at anything specific, in the actual questions and forms that you use to do those assessments and require consultants.

ANSWER:

Record-keeping

Since 2016-17, Health Infrastructure has used Microsoft365 for record-keeping related to capital works procurement and contract management. [State Records NSW](#) has more information about using Microsoft365 for record-keeping.

Records created prior to the adoption of Microsoft365 are retained in digital or secondary storage, depending on the format of the record, and according to State Records NSW requirements.

Performance reporting

Once new contracts are awarded, a quarterly performance report must be submitted to Health Infrastructure, who evaluates the consultants' performance against set criteria.

- **Supplier Performance Report** and **Capital Consultant Performance Report** criteria are time management, management and suitability of project personnel, management of sub-consultants and other suppliers, standard of service, quality outcomes, work health and safety outcomes, environment outcomes, co-operative relationships.
- **Project Management Performance Report** criteria are integration management, scope management, design management, time management, cost management, quality management, human resource management, communications management, risk management, procurement management, occupational health and safety management, environmental management, interpersonal skills, performance reporting.

Where performance issues arise, these are recorded in the performance reports and escalated to the Health Infrastructure Executive for management.

This performance data is held within Health Infrastructure's Contract Management system. The information is collated at whole-of-portfolio level with a reporting dashboard accessible to senior levels of the organisation.

Relevant experience and performance history are used to inform future procurement decisions when assessing value for money.

QUESTION 4 – PAGE 34

The CHAIR: You mentioned your grad program before. I know that in other parts of the New South Wales Government some of the grad programs involve grads sitting within consulting firms. Is that something that Health Infrastructure does as well?

REBECCA WARK: We participate in a number of programs across New South Wales government and some of those—both cadet programs, so high school leavers, but also graduate programs, so either people still at uni or recent graduates from uni—work on a rotation basis. So we're part of a program where they may work for us for three months, they may work for a consultant for three months, they may work then for a contractor for the period—

The CHAIR: When they're working for that consultant are they being paid by the New South Wales Government?

REBECCA WARK: I would have to take that on notice. I don't know. I think it's paid as part of a program, but I will take that on notice.

ANSWER:

Health Infrastructure participates in programs that are led and administered by other areas of NSW Government, as follows:

- The NSW Government Graduate Program is administered by the Public Service Commission, and places university graduates in different roles in NSW Government, including at Health Infrastructure. More information is on the [I work for NSW website](#)
- The NSW Government Infrastructure Trainee Program is administered by the Department of Education and provides Year 12 school leavers an opportunity to combine TAFE studies with practical experience working for NSW Government agencies, including Health Infrastructure, and private sector industry employers. More information is on the [Department of Education website](#).

QUESTION 5 – PAGE 35

The Hon. PETER PRIMROSE: And there is an evaluation criteria, an evaluation document, that's available?

REBECCA WARK: Every tender has a tender evaluation plan, which will have a number of priced and non-priced considerations.

The Hon. PETER PRIMROSE: But, in a general sense, there's an agreed document of the criteria you would be using to evaluate those tenders?

REBECCA WARK: That comes under the New South Wales Government code of tendering and then it may be, depending on the nature of the project—for instance, if it's a very rural and remote project, it may have slightly different criteria for assessment of non-price in relation to availability of resources, so it can be slightly different on different projects.

The Hon. PETER PRIMROSE: In terms of the final contracts that are written for consultants, is there a standard contract that you refer to?

REBECCA WARK: Yes, there is.

The Hon. PETER PRIMROSE: Could we get a copy of that document?

REBECCA WARK: I will take on notice. I don't imagine there's a problem with that.

The CHAIR: Feel free to take this question on notice if you need to. There was a contract entered into with PricewaterhouseCoopers in March of this year—it is a three-month contract—in relation to the development of the NSW Health policy implementation plan. Can you tell me what that work would be?

REBECCA WARK: I would have to take that on notice.

ANSWER:

Standard Consultant Contracts

For professional services consultant engagements (under SCM0005), Health Infrastructure uses the NSW Government standard templates and forms associated with SCM0005. The standard contract is attached (**TAB A**).

PwC engagement “NSW Health Policy Implementation Plan”

This query relates to *Professional Services* procured under the Whole-of-Government scheme SCM0005 Performance and Management Services Scheme, Category 5 Financial services, Sub-category 5D Asset management.

The development of the Implementation Plan is a piece of work delivered as part of the Asset Management program, to identify and coordinate all of the tasks and outcomes required achieve whole of NSW Health compliance with the NSW Government Asset Management Policy issued by NSW Treasury. A review of in-house capability and capacity determined that there was insufficient capacity within Health Infrastructure to deliver this work within the required timeframe (noting there was a whole-of-government direction to work to achieve compliance with the Policy by 2024) and outsourced services were therefore required. This was documented in a procurement strategy.

The works were procured through a competitive tender process including tenderers PwC, Ernst & Young and Deloitte Touche Tohmatsu. PwC was the successful tenderer.

QUESTION 1 – PAGE 37

The CHAIR: If we look at something like what they call the "SMS bot", which you referred to in relation to its role in cutting the COVID test result wait times by being able to more rapidly deliver negative COVID results to people, I understand that was developed by Amazon, Deloitte, Microsoft and MuleSoft. Can you tell me how much that cost in terms of the amount that went to them, and what eHealth's role was in that development compared to the development from those external players?

ZORAN BOLEVICH: May I answer the second part of the question because the first part we might need to take on notice. That project—and it's been a phenomenal success—was actually the work of our statewide pathology organisation, NSW Health Pathology. It was one of the true heroes of the COVID-19 response and probably did most of the COVID testing in the country. They worked on developing a system that would speed up delivery of results, especially negative results, to patients. They came up with this fantastic idea of pulling the information from the laboratory information systems and then connecting that to the SMS chatbot. In order to do that, they partnered with a number of organisations—you mentioned some of them. Amazon Web Services is a very large IT company; it's a global company. There were a number of others involved. I suspect the involvement of some of the consulting companies you have mentioned would have probably been in the integration space, so they were probably involved in the technical or technology-related work. But we'll have to check that for you. I will have to take that on notice, including how much they spent on the project.

The CHAIR: Okay, because that spend was from pathology, not from eHealth.

ZORAN BOLEVICH: We obviously have a very strong relationship with a number of these organisations and have helped and coordinated in the background as best as we could. Ultimately, the project was conceived and developed by NSW Health Pathology and it was a great success.

The CHAIR: Did eHealth have any involvement in that project?

ZORAN BOLEVICH: Largely on the technical advisory side, supporting our pathology colleagues. I don't know, Mark, whether we had any contract support role in terms of some of the administration of the contract or something like that. But we'll take that on notice and come back to you.

ANSWER:

The design, operation and vast majority of development and integration services for the NSW Health Pathology (NSWHP) COVID-19 Results Service was provided in-house by NSWHP's ICT team in rapid response to the pandemic.

Deloitte, Amazon Web Services (AWS), Microsoft and Mulesoft provided development support, infrastructure components and licenses at no cost to assist in the creation of the SMS Chatbot. This included the following activities:

- Deloitte provided approximately 10 days of developer time, which was used to setup several of the integration configurations (e.g. Amazon SMS robot to Jira Service Desk)

- AWS provided support pertaining to the SMS Chatbot, including prototyping of some unused items such as robots speaking results to patients
- Microsoft provided developers supporting the integration of data from NSWHP's core laboratory systems, API service design and testing, and the automated processing of data for analytics
- Mulesoft provided free licensed 'Cores' to enable additional capacity within NSWHP's integration platform during the pandemic

Later in the program, NSWHP engaged Deloitte to provide some development services to cover staff leave, leveraging the knowledge built in the initial and previous engagements. This amounted to 99 days of developer time, during the months of August to October 2021 and March to June 2022 at a cost of \$193,050 excluding GST.

eHealth NSW provided procurement, technical and shared infrastructure support. This included shared infrastructure components (from authentication to cloud services) and various other technical items throughout the pandemic.

QUESTION 2 – PAGE 38

The Hon. PETER PRIMROSE: Okay. How many contractors are there and how many external consultants?

ZORAN BOLEVICH: We have a large contingent workforce, which is not unusual in ICT organisations. On top of that, we would have a fairly large number of contractors, maybe another 700 or 800 contractors.

The Hon. PETER PRIMROSE: When you use the term "contractors", do you include consultants?

ZORAN BOLEVICH: Contingent workers, primarily.

The Hon. PETER PRIMROSE: That's another term again. Okay, contractors and consultants. Let's assume for a moment that your term is "contingent workers".

ZORAN BOLEVICH: Yes.

The Hon. PETER PRIMROSE: It means they're not employed by Health directly.

ZORAN BOLEVICH: Correct.

The Hon. PETER PRIMROSE: How many full-time equivalent?

ZORAN BOLEVICH: I'll have to come back to you.

The Hon. PETER PRIMROSE: Please take it on notice, but about how many?

ZORAN BOLEVICH: Around 600 to 700.

The Hon. PETER PRIMROSE: Thank you.

ANSWER:

As at 30 June 2023, eHealth NSW has 706 contingent workers. These workers are engaged through the NSW Government's contingent workforce scheme, SCM0007.

QUESTION 3 – PAGES 38-39

The Hon. MARK BUTTIGIEG: Ms Pearce, it's been fairly well publicised that the Government is taking an interest-based approach to bargaining, whereby either party puts

their interests on the table in the hope that there will be some common ground and negotiations are more fruitful. I understand there have been a number of health unions that have asked for information like this—that is, the number of consultants and contractors being used, as well as organisational structures and the number of temporary and insecure workers—but the information hasn't been forthcoming. Is there any reason for that, or are you aware of that?

SUSAN PEARCE: I had a meeting the other day with ministry staff, with the PSA reps there. We talked about some of those issues—just in respect of the ministry, not more broadly. Certainly, we were happy to talk to the union around areas that were particularly concerning to them, where there might be some vacancies and use of temporary staff. We were able to provide some information. There has been a reduction in the number of temporary staff in the ministry as a consequence of changes that have occurred during the course of the pandemic. You would appreciate that we had to bring people in on a temporary nature in the peak of it. Those numbers are starting to go down. But more broadly than that, no, I don't know specifically about that issue. I would have to take it on notice.

The Hon. MARK BUTTIGIEG: That interest-based bargaining does require an exchange of information in order to ascertain the other party's interest, so you can come to a negotiated outcome. So that information that they asked for was not forthcoming comprehensively?

SUSAN PEARCE: We've committed to keep meeting with the PSA and to come back to them. I think part of the challenge is that, on a day-to-day basis, these issues change. So what is in place one day or one week to the next may not be the same. The principle is, as certainly was expressed to the team there—and we have a strong commitment to meeting with our unions, and in being open and transparent with them—our preference, of course, is to have permanently employed staff wherever possible. But there are circumstances where temporary staff are needed. The more concerning issue, from my perspective—

The Hon. MARK BUTTIGIEG: I didn't want to necessarily get into the argument about the merits or demerits. It's more a case that there would be statistics on the amount of contractors, consultants, the organisational structure, temporary work—you would have all that at hand. I would have thought it would have been a fairly simple process to go, "Here it is. Now you tell us how we can be doing better and we will tell you why we think we are doing better." I mean, that is kind of the approach, isn't it?

SUSAN PEARCE: We have information to hand in respect of the ministry, if that's what we're talking about, but not the whole system in this regard. I'm not quite clear what your question is—whether you are talking about the ministry or the NSW Health system?

The Hon. MARK BUTTIGIEG: The NSW Health system.

SUSAN PEARCE: Yes, I will have to take that on notice.

ANSWER:

The NSW Ministry of Health meets quarterly with NSW Health unions representing healthcare workers, paramedics, nurses and midwives, and doctors engage through the Peak Health Industrial Relations Consultative Committee.

The Committee is a forum intended to promote open communication and understanding between NSW Health, the Health Services Union, NSW Nurses and Midwives Association, the Australian Paramedics Association and the Australian Salaried Medical Officers' Federation on state-wide workforce related issues and reforms.

The Ministry of Health responds to concerns, questions or requests raised through the Committee as expeditiously as possible.

NSW Health uses a combination of staffing arrangements including:

- Permanent
- Temporary
- Casual
- Overtime
- Agency/Locum staffing.

The permanent workforce makes up almost 75% of the workforce. Temporary and casual staff represent a further 21%, with the remaining 4% comprising overtime (around 3%) and agency/locum contract workers (at less than 1%). Note that due to the nature of the Junior Medical Workforce training programs, their contracts of employment are temporary.

Recognising this temporary employment of Junior Medical Officers, if Junior Medical Officers are removed from the base, then over 83% of NSW Health employees are engaged on a permanent basis.

QUESTION 4 – PAGE 40

Hon. Dr SARAH KAINE: Could I ask—you may not know off the top of your head, but perhaps if you could take it on notice—if you could let us know the top, say, three or four labour hire companies that you might be working through to get those workers? That would be useful.

ZORAN BOLEVICH: Of course. There is a system that we use in order to obtain those types of workers. It's called Fieldglass; it's a centralised, all-of-government system where we put our requirements forward and then agencies put their appropriately skilled workers and their proposals into the system. That's how it works. It's been around for quite a few years now; it works pretty well.

ANSWER:

As at 30 June 2023, the top four labour hire companies used by eHealth NSW are:

1. Talent International (NSW) Pty Ltd
2. Total Resource Solutions (TRS) Pty Ltd
3. Clicks Recruit (Australia) Pty Ltd (T/A Clicks IT Recruitment)
4. Hays

eHealth NSW engages all its contingent workers via the Fieldglass/Comensura system and through the contingent workforce scheme (SCM0007), which is a mandated arrangement for NSW Government for sourcing and payroll of contingent workers.

QUESTION 5 – PAGE 41

The CHAIR: Deloitte was commissioned in 2021, I think, at a cost of \$165,000 to assist on the eHealth IT charge-back operating model. What would that work have been?

ZORAN BOLEVICH: Again we'll take that on notice if you'd like to know exact detail, but it would have been, again, strategic advice around what is the best practice in IT organisations in Australia and around the world, what are the technologies that are required internally to

support those allocation models, what do we need to do to implement it accurately—those sorts of things.

ANSWER:

Deloitte was commissioned to support the development of the NSW Health statewide billing portal, which assists Local Health Districts to manage their revenue. The engagement included business analysis, gathering requirements and working with product owners, technical teams and vendors to support the initial product (so-called minimum viable product) being deployed into active use.

QUESTION 6 – PAGE 41

The CHAIR: It is a requirement, though, of the Procurement Board that there be those post-engagement evaluations. I understand attestation is signed by the secretary to say that that has been done. None of the contracts that were reviewed by the Auditor-General were from Health, so we don't know. But across the departments she did look at, I thought she found three out of 82—or something along those lines—of contracts that had actually been assessed post-engagement. Are you able to maybe take on notice the percentage of your contracts at eHealth that you do a post-evaluation review on?

ZORAN BOLEVICH: Sure.

ANSWER:

eHealth NSW engages consultancies on the basis of a statement of work which has milestone payments as part of each engagement. Delivery of the appropriate standard of work is a pre-requisite to releasing payments to the supplier.

QUESTION 7 – PAGES 41-42

The CHAIR: In 2021 there was a Future of Work paper that was prepared for the Ministry of Health. There was a number of these across different aspects. The one I'm looking at is the one entitled "Understanding the impacts of technology in New South Wales". So it's most useful, or most relevant, to eHealth. That was prepared by KPMG. Are you able to tell us what the spend for that was?

SUSAN PEARCE: No. I would have to take that on notice.

ZORAN BOLEVICH: We'll have to take that on notice.

The CHAIR: Are you able to tell us why KPMG were—we see a lot of this across a lot of departments. What is the purpose of engaging a consultant in a report of that kind?

SUSAN PEARCE: Again, without any particular knowledge of that report, Chair—I wasn't the secretary for Health in 2021, so I'm not familiar with that particular report. Often those types of things would be on a basis that you're seeking expertise that we needed to purchase in that way, would be the broad explanation for that. Clearly, we try to do as much of that work internally as we can. Particularly during the pandemic, we had established our own critical intelligence unit to actually provide advice to the Ministry in respect of the work we were doing. But as to that particular one, we would have to take it on notice and get some more information for you as to why that was sourced.

The CHAIR: Thank you. It would be really useful to see the terms of reference or whatever was given to the consultants in order to receive this.

SUSAN PEARCE: No problem.

The CHAIR: Just so that we can understand it better.

SUSAN PEARCE: Yes.

The Hon. Dr SARAH KAINE: Can I just supplement that? Earlier today we saw procurement plans which detail a bit more the scope of the work. If it's possible for that piece of work, that would be most useful—the procurement plan for that.

SUSAN PEARCE: Sure.

The Future of Work Thought Leadership Series consists of two pieces of work led by Workforce Planning and Talent Development Branch (WPTD):

- **Future of Work Evidence Review:** In 2019, WPTD engaged KPMG to conduct an evidence check of the literature and current thought leadership to support NSW Health to understand future of work impacts on the health workforce. KPMG delivered four papers exploring the impacts of technology on the health workforce, with an in-depth analysis on different workforce areas. The total cost of this work was **\$158,275.13 (ex GST)**.
- **Future of Work Capstone:** In 2020, WPTD engaged KPMG to develop a 'capstone' piece of work to draw together key themes from the papers and explore the policy implications with business leaders across NSW Health. In 2021, KPMG delivered a Future of Work Capstone paper and video, which serve as valuable resources to support strategic workforce planning discussions with key leaders in the organisation, encouraging a focus on the future. The total cost of this work was **\$45,444 (ex GST)**.

After an initial assessment, WPTD identified that the Future of Work Evidence Review required additional resourcing to provide the expertise and capacity not otherwise available through internal resources. KPMG was supported as the preferred supplier to complete this work after submitting a proposal that demonstrated strong experience in undertaking evidence checks and reviews, as well as knowledge and expertise in health workforce, specifically with experience working with NSW Health.

KPMG Procurement Approach: WPTD directly approached KPMG in May 2019 to commission the Future of Work Evidence Review. WPTD and KPMG had an initial phone conversation to discuss the scope of work prior to KPMG submitting a draft proposal and quote for \$168,921.88 (ex GST). Further meetings between WPTD and KPMG were held in June 2019 to negotiate the cost and scope outlined in the draft proposal. After negotiations, KPMG submitted an updated proposal for \$149,828.13 (ex GST). WPTD assessed that the updated quote provided good value for money and accepted the final proposal in June 2019.

Future of Work Evidence Review: WPTD received a proposal from KPMG following a direct approach, which detailed key components of the project, including the scope, key stakeholders, timeframe and deliverables. WPTD reviewed the proposal and found it satisfactory in all aspects, including a demonstrated understanding of the project requirements and sound proposed methodology. KPMG was procured under the SCM005 Prequalification Scheme: Performance and Management Services. The proposed rates aligned with the Standard Commercial Framework capped rates for government and business strategy projects.

Future of Work Capstone: A direct approach was taken due to KPMG's demonstrated knowledge on the subject area and the high-quality of previously delivered reports. KPMG was procured under the SCM005 Prequalification Scheme: Performance and Management Services. The proposed rates aligned with the Standard Commercial Framework capped rates for government and business strategy projects. KPMG was assessed as the best value for money approach to undertake the project rather than seek new services.