

Inquiry into the NSW Government's Use and Management of Consulting Services

NSW TREASURY

SUPPLEMENTARY QUESTIONS

Response due: Wednesday, 6 September 2023

QUESTION 1

We heard that Ambulance NSW has hired Deloitte to prepare business cases for the purposes of obtaining an allocation of funding from the State's budget process.

- a. Does Treasury view business cases prepared by external parties compared to those prepared entirely in-house as of a higher quality or greater value when considering budget bids?
- b. Did Treasury advise or suggest to Ambulance NSW that they prepare any business case with the assistance of an external consultant?
- c. Has a budget bid from any agency in the last 5 years been rejected on the basis, in whole or in part, that a business case prepared by an external consultant or other party had not been provided as part of the budget bid? Has it been otherwise communicated to any agency that this was the case?
- d. Are you aware of any directions, recommendations or suggestions from Treasury to agencies or their staff to use external consultants in the preparation of business cases?
- e. What percentage of budget bids are made with a business case? How many of those business cases are prepared with the assistance of consultants or other external parties rather than prepared internally?
- f. What assistance does Treasury offer to agencies in preparing budget submissions?
- g. What assistance does Treasury offer to agencies in preparing business cases?

ANSWER

- a. Treasury guidance relating to business cases does not distinguish between those prepared in-house and those prepared by external parties. Treasury has released a Business Case Quality Assurance Tool which sets out criteria which may be applied to assess the quality of all business cases.
- b. Without more information it is not possible to determine exactly what has occurred in this specific situation, but Treasury has a long-term and serious commitment to building sector capacity in business cases and cost-benefit analysis. Treasury's Centre for Economic Evidence offers resources, advice, training, and guidance to agencies to support this. For specific business cases, however, agencies are best placed to understand their current resourcing and capability constraints. If an agency lacks the internal capacity to develop a specific business case, they may decide to seek external support. At times agencies will seek Treasury's advice in making such a decision and Treasury will provide advice, based on the circumstances at the time and the public interest, which may include consideration of external support.
- c. Submission of Business Cases TPG22-04 requires that agencies submit business cases to Treasury for all proposals with an estimated total cost over \$10 million. Budget bids are regularly rejected on the basis that there is no business case, or that the business case is non-compliant. Whether or not the business case is prepared by an external party is not part of Treasury's assessment of the merits of the business case.

- d. Refer to the answer to question (b).
- e. For New Policy Proposals approved by the Budget, 46 per cent were supported by a business case for the 2022-23 Budget and 41 per cent were supported by a business case for the 2021-22 Budget.

These figures do not include unsuccessful budget bids, of which a greater proportion would not have been supported by a business case. The figures include proposals where there was limited opportunity to complete a business case (e.g., COVID proposals). Treasury does not collect information about whether business cases are prepared internally or with assistance of consultants.

- f. Treasury provides guidance to agencies ahead of the Budget that outlines the approach for preparing budget submissions. The guidance details the process, timelines, the format of the return and reference to other Treasury guidance material. This guidance includes TPG22-04 (Submission of Business Cases), which sets out when business cases are required, TPP18-06 (NSW Government Guide to Business Cases), which sets out how to prepare a business case, and TPG23-08 (NSW Government Guide to Cost-Benefit Analysis), which sets out how to prepare a cost-benefit analysis.

Treasury will frequently answer questions from agencies on how to meet these requirements and for larger, or more complex, bids. When requested, Treasury will often work directly with agencies to provide more detailed advice on these requirements and the best way to shape their budget submission. Treasury also provides agencies with supporting resources, including business case templates and quality assurance tools in addition to periodic training.

- g. Refer to the answer to question (f)

QUESTION 2

How many current senior Treasury officials have prior experience working for a consulting firm?

ANSWER

Treasury has responded on the basis of 'senior Treasury officials' being defined as Band 3 and Band 4 Senior Executive Service staff, and 'consulting firms' being defined as an organisation that fits the 'Procurement Board Direction 2021-03' definition.

As information of previous employment of Treasury staff is not collected for this purpose, we have specifically asked these Treasury officials whether they have experience working for a consulting firm prior to joining Treasury.

Based on the responses received, 5 out of 7 of Treasury's current Band 3 and Band 4 Senior Executive Service staff have prior experience working for a consulting firm.

QUESTION 3

How many positions within Treasury are currently filled by labour hire, contractors or consultants? How many of those are partners or employees of a consulting firm? Please provide details.

ANSWER

Established Treasury positions are only filled by employees or contingent labour. Contingent labour is wholly sourced through the Contingent Workforce prequalification scheme. At the end of July 2023, NSW Treasury had 47 contractors occupying roles. This does not include the Office of Energy and Climate Change whose labour is sourced through the Department of Planning and Environment.

In addition, the Treasury team that prepares the Total State Sector Accounts has engaged Deloitte through a competitive tender to provide up to 7 staff as additional resources over the July - December accounts preparation period.