

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

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Inquiry into the NSW Government's use and management of consulting services

KPMG submission

KPMG Australia, July 2023
[KPMG.com.au](https://www.kpmg.com.au)

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Executive summary

We are pleased to provide KPMG Australia's (KPMG) submission to the NSW Public Accountability and Works Committee's *Inquiry into the NSW Government's use and management of consulting services*.

KPMG understands it is a privilege for any private sector organisation to support government. For our people in a purpose-led firm, the attraction is clear. To serve the government and public service is by extension serving the NSW public and committing to put the interest of NSW before any other commercial consideration.

We are committed to ensuring our work adds value to the State of NSW – whether that be implementing technology changes, project managing infrastructure development, assessing and protecting against risk, or assuring due process and controls. Consulting firms have a strong incentive to deliver value for money given the highly competitive nature of the market.

When working with clients (government and non-government), we have a duty to operate with the highest level of integrity, confidentiality and trust. When government engages with us, we never take this trust for granted and we must, and do, take our responsibilities seriously.

We have robust policies and procedures related to our confidentiality obligations, however in a world where societal expectations are constantly evolving, we are vigilant in regularly reviewing our operations to ensure they remain aligned with community attitudes and expectations.

Following the public disclosure of the Tax Practitioners Board (TPB) integrity matter,¹ KPMG commissioned a third-party review of our confidentiality processes, which found that our policies and procedures are consistent with best practice. We are confident in our ability to meet our obligations under the whole-of-government NSW prequalification schemes such as the Performance and Management Services (PMS) Scheme.²

KPMG's submission recommends several opportunities for integrity, transparency and value for money improvements. We support the NSW Government's commitment to increase penalties for improper disclosure of confidential government tax information and we support strengthened processes in relation to confidential consultations.

We support greater transparency of consulting spend and continuous improvement in procurement frameworks. These include better centralised collection and reporting of procurement data through a single platform, options for better public service knowledge and skills uplift and that governments consider the introduction of an Integrity Charter for working with the Public Service.

KPMG is proud to support the work of the NSW Public Service and we appreciate the opportunity to support the important work of the Committee.

Yours sincerely,

Paul Low

Partner, National Industry Leader
Infrastructure, Government and Healthcare

KPMG Australia

¹ [Former PwC partner banned for integrity breach | Tax Practitioners Board \(tpb.gov.au\)](https://www.tpb.gov.au/news/2023/01/former-pwc-partner-banned-for-integrity-breach)

² [Performance and Management Services Scheme | info.buy.nsw](https://www.info.buy.nsw.gov.au/performance-and-management-services-scheme)

About KPMG

KPMG Australia is an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, with more than 265,000 partners and employees spanning 143 countries and territories around the world. Our service areas are Audit & Assurance; Consulting; Deal Advisory & Infrastructure; Tax & Legal and our mid-market practice, KPMG Enterprise.

KPMG is proud of our impact working with the NSW Government to deliver improved social, economic and environmental outcomes for the people, businesses, and communities across the State. KPMG offices in NSW are located in Sydney, Parramatta, Newcastle and Wollongong with over 4,600 employees across the State. The Partners and staff who work on our NSW Government engagements are passionate about the impact they can make.

We provide services to clients across many diverse sectors including financial services, energy and natural resources, consumer and retail, technology, industrial markets, infrastructure, healthcare as well as government. We also draw on our global network, as required, to support our clients by bringing international insights, experience and expertise to our work.

We believe our multidisciplinary model is the best way to serve our clients, our people and society. Governments today face complex problems that require the best, most integrated thinking. Our multidisciplinary model ensures we can bring the breadth of expertise and specialist skills from across our organisation to tackle diverse issues and opportunities.

Opportunities for integrity, transparency and value for money improvements

KPMG welcomes the Inquiry into the NSW Government's use and management of consulting services and suggests the following opportunities for consideration:

Integrity

1 Support for increased penalties for improper disclosure of confidential government tax information

KPMG supports the NSW Government's announcement to impose financial penalties on businesses and organisations caught disclosing confidential NSW Government taxation information.

2 Support for strengthened processes in relation to confidential consultations

KPMG has been working constructively with the Commonwealth Treasury, the Australian Taxation Office (ATO) and the TPB as a part of their review into how they manage confidential consultations. Pending the finalisation of recommendations, we would expect to support measures to strengthen integrity in these processes. We would be supportive of extending the outcomes of this review to our work with the NSW Government.

3 Support for the introduction of an Integrity Charter

KPMG supports the introduction of an integrity charter for working with the NSW Public Service.³ We would be open to working with the NSW Government on the development of such a Charter which could sit alongside the NSW Supplier Code of Conduct.⁴

Transparency

4 Support for enhanced central collection of data and analysis of the use of consultants by NSW Procurement

The NSW Auditor-General found that NSW Procurement had insufficient data for effective oversight of procurement and whilst there are four sources of data on the procurement of consultancy services by NSW government agencies, there is no single source of truth.⁵

KPMG supports enhancing the central reporting of procurement data using a single procurement platform through which all consultants should be procured. This would improve transparency and compliance with procurement frameworks. This will require further investment in technology to enable and automate data collection and analysis, and investment in implementation and change management support for agencies.

Value for money

5 Support for knowledge and skills transfer

Enabling capability and capacity uplift of NSW Government is one way we provide additional value for money. We would welcome the opportunity to have targeted conversations throughout the procurement lifecycle in relation to knowledge and skills transfer where appropriate.

Several factors influence this including the project length, degree of technical complexity, client target capability state, client availability, and emerging innovations. That is why knowledge and skills uplift should be considered in the context of each project and co-designed with the client.

³ [KPMG's Opening Statement to the Federal Parliamentary Inquiry into Consulting Services](#)

⁴ [Supplier Code of Conduct | info.buy.nsw](#)

⁵ [NSW Auditor-General's Report - NSW government agencies' use of consultants](#) dated 2 March 2023.

KPMG response

Section 1: Acting in the public interest - our role as a trusted adviser to government

KPMG is proud to assist the work of the NSW Public Service, supporting engagements with wide-ranging impacts on the NSW community. With the pace and scale of change facing the NSW community, the public sector calls on specialist skills and capabilities from the private sector to complement the resources within the public service in delivering complex, time-challenged projects.

KPMG holds a privileged position as a provider of services to governments in Australia. We understand that with privilege comes responsibility. Our commitment to ethics and integrity is the foundation of all our engagements and we are proud of the role we play in helping the NSW Government.

Delivering value for money is critical given the highly competitive nature of the market we operate in. Our competitors encompass a wide range of organisations including global leaders in technology, construction, project and asset management as well as local firms. To be a viable service provider, we must offer quality and value for money.

In relation to engagement quality, KPMG develops a tailored governance approach on all projects. We work closely with our government clients to better understand how we have performed and where we can do better. We welcome participating in post-engagement evaluations conducted by government as required.

Commitment to the NSW Procurement Policy Framework

When working with the NSW Government, our services are sourced in accordance with the NSW Government Procurement Policy Framework⁶ and Supplier Code of Conduct.⁷ We value and respect these policies and appreciate that an independent competitive process ensures probity and value for money when allocating public funds to deliver economic development, social outcomes and/or sustainability across the State.

NSW Procurement policies, processes and platforms such as buy.nsw and etender provide a level of transparency which is important to maintain an open and fair process, again reinforcing the focus on value for money.

KPMG reports monthly to NSW Procurement on consulting engagements including variations via manual excel spreadsheets. We consistently score 100 per cent from NSW Procurement for data accuracy.

KPMG would support measures to ensure the NSW Government provides the most appropriate level of transparency and oversight from a central body, such as the NSW Procurement Board, including a single centralised reporting platform.

KPMG supports the establishment of an Integrity Charter that all contractors must adhere to when working with government. We would be open to working with the NSW Government on the development of such a Charter which could sit alongside the NSW Supplier Code of Conduct.⁸

Under the NSW Government Prequalification Schemes, there are several policies that support government policy objectives. KPMG rigorously adheres to these policies, further supporting the NSW Government's policy directives related to Small and Medium Enterprises (SMEs), regional participation, Aboriginal Procurement Policy, Modern Slavery risks and human rights, and enhancing gender equality.

As part of our work with NSW Government, when appropriate, KPMG uses SMEs or regional organisations in consortiums to deliver engagements. KPMG has more than 400 contractors, sole traders and small businesses it uses in NSW to deliver client engagements. In addition, our geographic spread of offices in NSW supports the economic and social outcomes of metropolitan and regional areas through our people living and working across the State.

The Aboriginal Procurement Policy supports the NSW Government Plan for Aboriginal Affairs, OCHRE, and is a key deliverable under the Aboriginal Economic Development Framework. The first [case study](#) below outlines how the NSW Government's procurement policies have contributed to KPMG Australia's strong historical commitment to Indigenous businesses, and how work providing specialist services has supported the NSW Government in Closing the Gap. In addition, the second [case study](#) outlines KPMG's commitment to reforms and policy settings that promote gender equality in Australia, both through KPMG's gender equity thought leadership series and our submissions to relevant consultation processes.

⁶ [NSW Government Procurement Policy Framework](#)

⁷ [Supplier Code of Conduct \(buy.nsw\)](#)

⁸ [Supplier Code of Conduct | info.buy.nsw](#)

Case study – KPMG's commitment to Indigenous procurement

KPMG continues to support the growth of Indigenous businesses through procurement, including allocating more than three per cent of our procurement budget to Indigenous suppliers. In addition, KPMG Indigenous Services (KIS) is a dedicated specialist business that works across sectors on reconciliation and transformation initiatives which create sustainable social impact and prosperity for Indigenous peoples and communities.

Since becoming the first major professional services firm in Australia to launch a Reconciliation Action Plan (RAP) in 2009,⁹ we have committed to both Indigenous procurement and Indigenous employment targets as published in our Reconciliation Action Plan (RAP) Progress Report FY22.¹⁰ In December 2021, we launched our 2021–2025 'Elevate' Reconciliation Action Plan (RAP), our third Elevate RAP, and our fifth RAP overall.

Our partnership with Jawun Indigenous Corporate Partnerships has seen 300 of our people on secondment, contributing over 67,000 pro bono hours to help build the capabilities of Indigenous organisations nationally. Since our last RAP, we have welcomed our firm's second Indigenous Partner and first Indigenous Board member. We have introduced cultural and ceremonial leave and have also voiced our support for the Uluru Statement from the Heart.

Case study - KPMG's gender equity series

KPMG regularly advocates for reforms and policy settings that promote gender equality in Australia. KPMG's gender equity series proposes policy settings aimed at shifting the dial in a number of key areas, including parental equity, superannuation, retirement security, childcare, and parental leave. We have summarised KPMG's reports and policy positions on gender issues below.

[Towards a more equal sharing of work](#) advocates for a parent equality model allowing parents optimal balance of work and care responsibilities, and equal work opportunities for mothers. [Enhancing work-life balance: A better system of Paid Parental Leave](#) sets out recommendations for a restructured Commonwealth paid parental leave (PPL) scheme that would aim to

overcome impediments to women's economic participation and help Australia move towards equal responsibility for raising children.

[Options for addressing the gender superannuation gap](#) outlines four options available to policy makers to help support gender equity in retirement. [Budgeting for gender equity](#) explores how Gender Responsive Budgeting (GRB) can support governments in realising their gender equity strategy.

In addition to those outlined above, KPMG has published a number of other reports since 2018 as part of the gender equity series: [Unleashing our potential: the case for further investment in the child care subsidy](#), [Delivering equity: a new deal for pensioners who rent](#), [The costs of coming back: achieving a better deal for working mothers](#), and [Ending workforce discrimination against women](#).

KPMG has also been active in providing submissions to relevant consultations on gender equity issues, such as [NSW Treasury's Women's Economic Opportunities Review](#) and the [NSW Industry Policy Green Paper](#).

Section 2: Acting lawfully - our extensive regulatory environment

Professional service firms are subject to an extensive and complex framework of overlapping obligations that require us to manage conflicts of interest, perceived or otherwise. Contractual frameworks set by our clients define their expectations and requirements, supported by regulatory and legal obligations, professional codes and commitments to professional bodies. Further, our people are required to comply with KPMG's Code of Conduct, and the expectations of communities in which we operate.

As members of Chartered Accountants Australia and New Zealand (CA ANZ), all KPMG partners are subject to the APES 110 Code of Ethics for Professional Accountants, which is issued by the Accounting Professional and Ethical Standards Board. The requirements of APES 110 are reflected in numerous KPMG policies and procedures. In addition to being CA ANZ professionals, KPMG personnel play an active role as members of a diverse number of other professional associations, many of which have

⁹ [KPMG Australia - Reconciliation Action Plan December 2021 - June 2025](#)

¹⁰ [KPMG Australia's Reconciliation Action Plan 2021-2025 - Progress Report FY22](#)

clear expectations of the conduct of their members.

Regulatory oversight

KPMG offers a range of services subject to specific regulatory requirements, including engineering, property, insolvency and restructuring, sustainability reporting, data security, forensic services, and our client-facing legal practice KPMG Law to name a few. As such, we are subject to extensive regulations, requirements and codes that require us to maintain high levels of integrity. Non-compliance can result in significant firm-wide or personal financial and operational impacts.

The Australian Securities and Investments Commission (ASIC) is responsible for assessing compliance with and enforcing accounting and audit standards. Auditors are legally obliged to comply with the Code of Ethics for audits of entities subject to the Corporations Act. ASIC inspects KPMG's Australian firm annually.

ASIC is also the regulator of the financial services industry and assesses the applications made to procure an Australian Financial Services Licence (AFSL). KPMG, via two of its corporate entities, holds AFSLs enabling the operation and activities of its financial services businesses.

Tax and Business Activity Statement (BAS) agents are subject to the regulatory oversight of the ATO and TPB. All legal practitioners are also subject to the oversight of regulatory bodies such as the legal services commissioners, which operate in states and territories. The Uniform Law Rules set out the framework within which many of our legal practitioners must operate.

International regulatory oversight

Our people are also subject to international standards and regulatory regimes where our work extends beyond Australia. For example, the International Ethics Standards Board for Accountants (IESBA) is the independent standards-setting body that sets ethical standards for professional accountants in its Code of Ethics. Confidentiality is one of the ethical requirements within IESBA's Code of Ethics. All KPMG personnel are required to comply with the laws, regulations and professional standards that are relevant to the work that they do – including IESBA's Code of Ethics.

Section 3: Acting ethically - our commitment to integrity

At KPMG, we understand that trust is earned by doing the right thing – not just some of the time, but all the time. We are committed to the highest standards of personal and professional behaviour in everything that we do.

Code of conduct

The KPMG Code of Conduct (the Code)¹¹ outlines the responsibilities all KPMG people have to each other, our clients and the public. It shows how our Purpose and Values guide our behaviours and actions. The Code covers a wide range of topics, including:

- Integrity and ethical behaviour: KPMG requires its employees to act with integrity and honesty, and to comply with all applicable laws and regulations.
- Professionalism: KPMG requires its employees to maintain high standards of professionalism, including treating clients, colleagues, and third parties with respect.
- Confidentiality: KPMG requires its employees to protect the confidentiality of client information and to use it only for legitimate business purposes.
- Independence: KPMG employees are required to maintain independence in their work, and to avoid any conflict of interest that could compromise their objectivity.
- Compliance: KPMG requires its employees to comply with all applicable laws and regulations, as well as the company's policies and procedures.

Managing conflicts

KPMG is bound by all relevant contractual clauses that set out specific requirements for conflict-of-interest management and confidentiality including adhering to relevant confidentiality agreements set out in panel agreements and individual work orders or standard forms of agreement. In accordance with the prequalification schemes, KPMG would communicate any (perceived) conflicts of interest and work with the relevant party to determine the appropriate way forward.

KPMG is required to comply with the obligations outlined in the *Accounting Professional & Ethical Stands Code of Ethics for Professional Accountants* APES110, specifically those detailed in Section 210 which pertain to conflicts of interest. Within KPMG, conflicts of interest

¹¹ [Global Code of Conduct \(kpmg.com\)](https://www.kpmg.com/au/globalcodeofconduct)

principally fall within one of the following four categories:

- External audit independence-related conflicts of interest, being the proposed provision of non-audit services to external audit clients which require consideration from an audit independence perspective, having regard to applicable professional standards within the audit profession and legal and regulatory requirements;
- Adversarial conflicts of interest, being the proposed provision of advice / services to parties who may have adversarial interests in relation to a particular matter, for example, instances where KPMG is providing services to a client seeking to sell a business or asset, and is subsequently approached to provide advice to prospective buyers of the business or asset;
- Competing party conflicts of interest, being the proposed provision of advice / services to multiple parties who may have competing interest in relation to a particular matter, for example, instances where KPMG is approached by multiple prospective buyers to provide advice in relation to their prospective acquisition of a business or asset; and
- Commercial conflicts, being prospective engagements, client relationships, communications and expressions of thought leadership which may (amongst other things) adversely impact KPMG's reputation or create a scenario where either the Firm's proposed role or the client's objectives may be considered unethical or inconsistent with our core value of integrity.

KPMG is committed to being a purpose-led organisation and has embedded this in the firm's sustainable growth strategy. In 2021 we established the Chief Purpose Officer (CPO) role with a threefold focus - a navigator, constructive challenger and enabler. The CPO was appointed to KPMG's Commercial Conflicts Resolution Committee (CCRC) and has played a critical role in decisions made by the Committee.

The CCRC reviews, maintains oversight of, and makes decisions relating to, but not limited to, commercial conflicts, including proposed engagements, communications, or expressions of thought leadership likely to detrimentally impact our relationship with one or more of our clients. Our people are prompted in our systems to consider potential detrimental impacts on our

relationships with different entities within a client group, which the CCRC also considers. If a potential conflict of interest cannot be resolved or appropriately managed, we decline the engagement or prospective client.

Our policies and procedures include assessing conflicts of interest and risk through our client and engagement processes and systems. This helps identify existing or potential conflict of interest for prospective engagements. Engagements with conflicts that cannot be eliminated or safeguarded to an acceptable level (i.e., through the implementation of system information barriers and ethical divider memorandums) are rejected under our policies.

When working with government clients we are also mindful of competing issues that may arise when working with different departments or even different areas within a department, as well as implications related to our private sector clients. This was one of the learnings for the firm from our engagement on the NSW Transport Asset Holding Entity matter.¹² If during an engagement, any perceived, existing or likely, conflict of interest was to occur as per the prequalification scheme rules, and in line with our own Code of Conduct we would notify our clients' immediately to determine a path forward.

Managing independence

In Australia, independence requirements have been enshrined in the Corporations Act and we are required to comply with "conflict of interest situations" as defined in s.324CD. Further, APES110 requires us to be mindful of actual *and* perceived conflicts of interest. Compliance with these obligations requires us continually to reinforce the importance of independence.

At KPMG, we have prescribed policies, procedures and guidance, combining Australian and international regulatory, independence and ethical requirements. All KPMG Australia partners and client service professionals must complete independence training upon joining the firm, and annually thereafter, and complete an annual confirmation stating that they have remained in compliance during the previous year.

Co-investing as a group

Restrictions apply to KPMG Partners regarding co-investing as a group. KPMG Partners are strongly discouraged from investing together outside of KPMG. All KPMG Partners and staff were reminded of this policy by email on 22 February 2023.

¹² KPMG's response to TAHE matter can be found at: [Letter to \(nsw.gov.au\)](https://www.nsw.gov.au)

This KPMG Global policy requires KPMG Partners not to co-invest as a group in an investment venture, except with the prior written consent of the Australian Ethics and Independence Partner and Australian Chairman. This policy further limits participation in a leveraged investment venture. Partners are also discouraged from assuming joint and several liability in respect of investment ventures. Separately, the Annual Confirmation requires Partners to confirm they have complied with KPMG's policies that set out the restrictions on co-investing.

Ethical Decision-Making Framework

We have continued to invest in strengthening our ethical culture. Our Board and National Executive Committee (NEC) are deeply involved in the delivery of the firm's culture plan. This year we have introduced our Ethical Decision-Making Framework and incorporated it in our mandatory Independence training. We have appointed an Ethics Ambassador who sponsors Ethics Champions in all functional areas of our Firm.

We have seen significant improvement in our Ethical Culture Index (ECI) survey, an independent measure of how well we are living our Values and behaviours, including an overall score increase to 89 points out of 100, up from 84 points in the previous survey.

Speak up culture

There has been a positive shift in the extent to which people feel they can challenge superiors. There has also been an increase in our staff agreeing that misconduct can be reported without fear in our organisation, which has been reflected in an increase in actual reporting of misconduct.¹³

We encourage a 'speak up' culture across the firm. This means ensuring all our people feel included and have confidence to speak up, raise concerns early and prevent them from becoming serious issues.

We will continue to empower our people to speak up about any unethical or inappropriate behaviour in the workplace, especially to their leaders. For that reason, we view any increase in reporting in the immediate term as a sign of progress.

Training

Everyone at KPMG is required to undertake the firm's "*We do what is right: Integrity at KPMG*" training upon joining the firm, and on an annual basis. The module which talks to the Code, our Values, ethical decision-making and our "speak

up" culture and requires the successful completion of a post-course assessment that must be completed independently. This training also outlines the various channels (both within the firm and externally) through which our people can feel empowered to report unethical or inappropriate behaviour in the workplace, including in respect of the handling of information obtained during client engagements or confidential consultations.

This training was refreshed this year to further strengthen our ethical culture and included learnings on KPMG Values and Code of Conduct, case studies on allyship, rationalising your decisions, inducements, bribery, confidentiality while working from home, insider trading, social media guidance and retaliation.

Furthermore, the annual "*KPMG Privacy Training*" and "*KPMG Security Awareness for Everyone (S.A.F.E.)*" training (SAFE Training) modules address matters directly and indirectly related to the firm's confidentiality obligations and also require the successful completion of a post-course assessment that must be completed independently. The SAFE Training includes a specific module concerning the heightened confidentiality and security obligations applicable to the use and handling of government information.

A separate module "*Working in Government and Defence – Security Awareness and Obligations*" training also covers specific confidentiality obligations when working on government matters.

Adherence to mandatory training is monitored and managed, and our training is continually refreshed to ensure it aligns with best practice. There was a 100% completion rate of the "*We do what is right: Integrity at KPMG*" training, undertaken in October 2022.

Onboarding and outside roles

KPMG has processes in place to manage the recruitment of elected officials, individuals from government entities and individuals from regulators. For example, KPMG's Risk Management team may review the prospective appointment and may establish safeguards if the individual is recruited (such as ensuring that for a specified period the individual does not work on engagements or proposals for their former employer).

KPMG's processes seek to manage threats to objectivity and potential conflicts of interest; threats to confidentiality (e.g., misuse of information known to the individual from their previous role); and breaches of applicable laws /

¹³ [Our Impact Plan 2022 \(kpmg.com\)](https://www.kpmg.com/au/impact-plan-2022)

contractual obligations. Although we have processes in place to manage these risks, we would support clearer guidance from the NSW Government in relation to exclusion periods and other restrictions which may apply.

All outside appointments to government boards are required to be disclosed in a central register of outside appointments that requires manager and risk approval. As a part of this process, employees are reminded that information received in outside roles should be kept confidential from KPMG.

Section 4: Our response to recent industry integrity challenges

KPMG has an existing and well-established single point of contact for all government consultations, with clear guidelines for interacting with government on policy consultations. Relevant outside government advisory roles must be disclosed in a firmwide database that includes partner and risk approval.

The above processes ensure potential conflicts of interest are identified and appropriately managed when working with government on confidential consultations and were in place before the public disclosure of the TPB integrity breach matter.

Reinforced our confidentiality obligation to our people

Like many large organisations, we learn from our experiences and from those of others in the business community. Our approach when making decisions on these matters is to strive for transparency to share our learnings, strengthen accountability and identify improvements in the way we work.

Following the public disclosure of the TPB integrity breach, we reviewed the TPB's sanction explanation¹⁴ and considered what we could learn from the matter. We immediately took steps to reinforce our processes relating to compliance with our confidentiality obligations, including:

- Reinforcing confidentiality requirements when accepting government advisory roles outside of KPMG on the internal database of personal appointments;

- The development of additional guidance to better educate our people about the government advisory roles that need to be disclosed on our internal database; and
- Undertaking a refresh of KPMG's confidentiality policy to expressly require staff to comply with all confidentiality requirements that apply to them in advisory related roles that are outside KPMG.

Demonstrating how seriously we treated this matter, we communicated these measures in early February 2023 to our 10,000 employees, ensuring that our people were aware of the policies and procedures we have in place to ensure integrity in our interactions with government.

We are also in the process of implementing targeted compulsory confidentiality and conflicts of interest workshops for tax partners and directors, with proposals for further targeted confidentiality and conflicts training to be run for other divisions.

Conducted a third-party review of our confidentiality obligations

In addition to the above actions, in early March 2023, KPMG commissioned a third-party review of our policies and training materials relating to the firm's confidentiality obligations. The review found that our risk and compliance frameworks were comprehensive and proactively mitigated material risks of confidentiality breaches.

The review confirmed that KPMG's policies and procedures were consistent with best practice and guidance published by relevant professional bodies. The review also outlined several recommendations directed at further strengthening our compliance with confidentiality obligations, and we have implemented or are in the process of implementing all recommendations.

Commitment to the Commonwealth Treasury's review of confidential consultations

KPMG supports the Commonwealth Government's review into how Treasury agencies manage conflicts of interest and confidentiality issues when seeking private sector advice. Ensuring confidentiality is of utmost importance in maintaining the trustworthiness of the profession. KPMG commits to implementing the recommendations of this review and would be open to extending the outcomes of the review to state governments.

¹⁴ [PriceWaterhouseCoopers | Tax Practitioners Board \(tpb.gov.au\)](https://www.tpb.gov.au)