



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Miss Laura Nuttall MLA

**ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS**

Asked by: Ms Leanne Castley MLA

Addressed to: Minister for Health

Reference: Uncorrected Hansard Transcript pages 19 and 20

In relation to: NTT Contract Governance

Hearing Date: 25 July 2024

QTON lodgement date: 26 July 2024

Answer Due Date: 31 July 2024

MS CASTLEY: Sure. Okay. Back to the NTT project, I am just wondering if you could table any—so in a project set-up, especially IT project set-ups, there are governance models. The company would explain to you all of those checks and balances that you have mentioned that possibly did not end up—they were not in place. I just am trying to work out where the breakdown occurred and how long NTT had been working before the check happened, and if we can get in real dollars the amount—I know you said there was no money doubled or whatever, but if there were significant changes to be made, how long was the project just sort of running along with no checks and balances?

Ms Lopa: I can take all of that on notice, but NTT itself is not a project. It is part of the DHR. It is a contract with a provider.

MS CASTLEY: They are a company that are providing to you?

Ms Lopa: Yes.

MS CASTLEY: So they would have a responsibility to explain how many staff they have got, how they are going to report to you?

Ms Lopa: Yes. As part of the DHR project there was governance over that, but NTT itself is not a project. It is a contract for hosting services.

MS CASTLEY: I understand, but they have to report to you on the services that they are providing in order for you to be able to justify giving them money?

Ms Lopa: Yes, so there is a contract in place that would have service levels and all of those things that have been signed up to, and when you get invoices in, you check them. Are they consistent with the contract? Have they delivered the services? Those sorts of things. You would do that with any contract. I can take all of that on notice and just go through that, but the NTT contract itself would not have had governance around it because it is just a contract with a provider, but the DHR project—

MINISTER RACHEL STEPHEN-SMITH: The answer to the Member’s question is as follows:

The ACT Health Directorate (ACTHD) and NTT Australia Deed of Standing Offer (the Deed) is managed by the Digital Solutions Division Contract Management Team with support from the Strategic Finance Branch. This contract is for Hosting Services and is part of the delivery of the Digital Health Record to the community.

As described in the ACT Health Directorate Internal Audit - NTT Australia Invoices Review Report:

“The Deed is an extensive document for the provision of an extensive service. The Deed covers 416 pages, describing in detail, the actions to be taken by both parties (ACTHD and NTT) in the conduct of this engagement.

“It also requires that all Work Orders (developed by NTT and signed by ACTHD) form part of the contractual obligations of the Deed. The Deed itself does not set a contracted price for the services or an upper limit, as pricing for service delivery and product is documented in the Work Orders. As of 10 September 2023, there were 227 Work Orders (and variations to Work Orders).

“Key features of the Deed are as follows:

- The Deed is a standing offer by NTT to supply services described in Work Orders.
- The Deed allows NTT to supply any good or service to ACTHD, provided it is described in a Work Order.
- The Deed allows ACTHD to direct source any good or service from NTT provided it is described in a Work Order.
- The Deed requires:
 - NTT to work closely with ACTHD to continuously improve the quality of the services and the management of the Deed.
 - A quality assurance program to be provided for the management of the Deed and the services.
 - NTT to provide a contract risk management plan.
 - ACTHD to provide NTT with “Certificates of Acceptance” upon completion of services or the delivery of products.
- ACTHD has the right to withhold payment and to claim service credits where services may not have been delivered in accordance with requirements.
- ACTHD has the right to not pay for any service which is not invoiced within three months of the service being consumed.
- The Deed requires that each year, NTT provide ACTHD with assurance that NTT maintains competitive pricing for the services provided.”

The Deed was initially signed in December 2020 and was subsequently varied to a maximum value of \$110 million (excluding GST) through to December 2026. Work Orders have been agreed to a total value of approximately \$83 million and I am advised that total expenditure as of 30 June 2024 was \$66,558,358.

Concerningly, the audit found that, overall, *“ACT Health Directorate is unable to provide assurance that the services for which they were invoiced (or for which accruals were made) relating to NTT invoicing for the period of 1 June 2023 to 30 June 2023 were appropriate for payment as the invoices from NTT were not adequately structured to permit acquittal of the invoices in sufficient detail.”*

A number of recommendations have been made to address identified deficiencies and improve performance and contract management processes. The ACT Health Directorate has agreed to all recommendations.

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature:



Date:

7 | 8 | 24

By the Minister for Health, Rachel Stephen-Smith MLA