QTON No. SP-069

Legislative Assembly for the Australian Capital Territory
Standing Committee on Social Policy

Inquiry into Annual and Financial Reports 2023–2024

Answer to question taken on notice

Asked by: Ms Jo Clay MLA

Addressed to: Ms Rebecca Cross, Director-General ACT Health Directorate

In relation to: Digital Health Record

Hearing: 20 February 2025
Uncorrected Proof Transcript pp 30-32
Transcript provided: 27 February 2025
Answer Due: 6 March 2025 5:00PM

Ms Cross took on notice the following question(s):

THE CHAIR: Okay. Ms Clay.

MS CLAY: Thank you, Chair.

Minister, the Auditor-General has warned that MyDHR is $160 million over budget. And given that HRIMS wasted almost $80 million in public funding and was subject to investigation by the Auditor-General, can you tell me what processes you have put in place to ensure that MyDHR took lessons from those previous findings?

Ms Stephen-Smith: Well I will hand over to Ms Cross to talk about and get her to talk about the – it is DHR, not MyDHR, but DHR system. I do not think we needed the Auditor-General to tell us that the overall project was under budgetary pressure. We actually – the health directorate identified this. It was raised through budget processes. The Auditor-General findings more broadly on DHR have largely confirmed things that the health directorate had already identified through internal audits and reviews. So that is probably point number one.

Point number two would be the DHR project was occurring concurrently with HRIMS, so there was no opportunity through the DHR project to learn lessons from HRIMS because DHR project was happening at the same time. There were, however, significant governance arrangements in place for the DHR project and it successfully delivered a whole of ACT public health system, electronic medical record system, and it is up and running and it is making a difference both to clinical service delivery every day and to the amount of activity that we are able to capture in our system.

So it has successfully delivered a project. It is financial pressure, or it has been under financial pressure. And with that, I will hand over to Ms Cross, and Mr Kaufmann, I think—

MS CLAY: Thank you.

Ms Stephen-Smith: —to talk about what that looks like and what is being done about it.

MS CLAY: Excellent. I might also just reframe a little bit, based on that information. It is great that you knew what went wrong before the Auditor-General told you. On that, Ms Cross, maybe you can let us know how you applied the lessons that you already knew from your internal reviews to both of those systems while you were doing that?

Ms Cross: So I think the first thing that I would like to do is just clarify the figure of $160 million. So the directorate actually supports over 100 IT systems. And the Digital Health Record is just one of them. In our budget, post COVID, we have seen constant pressures across all of those systems. So in some cases, because of supply chain issues brought on by COVID, the cost of things went up.

The cost of licenses for a number of systems went up. The cost of contracts when we renegotiated them often went up by five or six per cent, whereas our indexation was only 2.5 per cent. As we moved from paper-based systems to having everything online we needed to provide 24-7 support for a whole range of IT systems, not just the DHR. And the commonwealth changed a number of security requirements, through the Critical Services Infrastructure Bill, and so we had to increase security for a number of the systems.

The further factors for all of those systems is that the number of licenses you need increases as you have more staff. And as you have increased demand in the hospital, you have more staff, and you also need to store more records. So the figure of $160 million is not just costs associated with the DHR. It is the culmination of all of those factors across over 100 systems that the directorate supports.

MS CLAY: Are you able to tell me what the estimated budget increase is for DHR?

Ms Cross: Yes, we could give you a breakdown of that.

MS CLAY: Yes.

Ms Cross: But a number of—

MS CLAY: Can you do that now, or is—

Ms Cross: I cannot break $160 million down now.

MS CLAY: Okay.

Ms Cross: But I just wanted to make the point that a lot of—

THE CHAIR: But you will do so on notice?

Ms Cross: Yes, I will take that on notice.

THE CHAIR: Thank you.

Ms Cross: But I just wanted to make the point that a lot of those costs are not actually the Digital Health Record. It is the totality of the IT system that we support.

Minister Stephen-Smith: The answer to the Member's question is as follows:

The *ACT Health Directorate – Digital Health Record Program Review* (26 August 2024) report notes the exact difference between budgets was $164.4 million (refer page 7 and 29). This is the cumulative figure that does not just represent costs associated with the Digital Health Record (DHR), but the culmination of several factors across over 100 systems that the ACT Health Directorate (ACTHD) supports.

The original business case for procurement and implementation of the DHR was $151.81 million for eight years to 2026-27, net of savings. As additional information became known through implementation, the ACT Government made further decisions to support initiatives in subsequent Budgets that added to the overall budget, including:

- 2018-19 Budget: $22.62 million including capital for the ACT Pathology Laboratory Information System Replacement which was subsequently combined with the DHR Project and completed at go-live of the DHR Project.

- 2022-23 Budget: $26.07 million in capital and $24.76 million in expense funding to 2025-26 to support DHR-related system upgrades and ICT-related uplift as well as staff training at Calvary Public Hospital Bruce. Canberra Health Services also absorbed a range of training and implementation costs in 2022-23 in the lead-up to and following go-live.

- 2023-24 Budget Review: $16.07 million in capital and $47.98 million in expenses attributable to increased hosting costs, additional staffing, allowances and overtime for 24/7 system support and data remediation project costs.

The below table provides the breakdown of the $164.4 million, being the difference between the 2019-20 revised business case of $213.8 million (which included $151.8 million of funding and savings offset of $62.0 million) and the eight year DHR program cost of $378.2 million.

Name	***Cost ($m)***	***Description***
Offsets achieved (net of offsets not achieved)	-39.6	Assumed $62 million savings as per the original business case.
Pathology Laboratory Information System Replacement	22.6	ACT Pathology Laboratory Information System Replacement funded from the 2018-19 Budget as part of the Better Healthcare for Growing Community.
DHR program continuation at Go-live	25.1	Costs associated with data remediation and critical security infrastructure upgrade.
NTT support cost and Azure consumption cost	72.1	Experience adjustment to reflect the current utilisation.
EPIC licence uplift	13.1	Increased cost associated with increased patient demand.
Additional staffing	25.3	Additional staff to support and maintain the DHR system.
24/7 ICT support	28.0	Increased labour cost associated with 24/7 support.
Others	17.8	Security and critical legislation requirement, additional staff support for security and training hubs and devices refresh.
Total	***164.4***	

The full report is available at *ACT Health Directorate – Digital Health Record Program Review* (26 August 2024) report.

Approved for circulation to the Standing Committee on Social Policy

Signature:  Date: 6/3/25

By the Minister for Health, Rachel Stephen-Smith