

## Special Commission of Inquiry into Healthcare Funding

### Statement of Sonia Marshall

**Name:** Sonia Marshall

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**Occupation:** Chief Executive Officer, South Western Sydney Local Health  
District

1. This statement made by me accurately sets out the evidence that I would be prepared, if necessary to give to the Special Commission of Inquiry into Healthcare Funding (**the Inquiry**) as a witness. The statement is true to the best of my knowledge and belief.

#### A. BACKGROUND

2. My name is Sonia Marshall. I am the Chief Executive Officer for South Western Sydney Local Health District (**SWSLHD**).
3. In this role I am responsible for the strategic leadership, direction and management of the Local Health District (**LHD**) and with the Board, responsible for the sound governance to ensure that the LHD fulfils its statutory operating and reporting requirements and meets its obligations to deliver agreed services within an agreed budget and which meet specified performance standards and strategic objectives. My CV is at Exhibit 10 NSW Health Tranche 2 Consolidated Exhibit List. The SWSLHD has an expenditure budget of \$2.5 billion, of which approximately \$550 million (22%) relates to the procurement of goods and services. In this capacity I have direct line management of the SWSLHD Director Finance and Corporate Services and manages the SWSLHD Procurement Manager.

#### B. SCOPE OF STATEMENT

4. This statement addresses the questions raised in the Inquiry's letter dated 22 December 2023 and also broadly addresses Term of Reference E. On direction from the Inquiry, this statement does not address SWSLHD's procurement of capital (less than \$10 million) or SWSLHD's interaction with Health Infrastructure (in relation to procurement of capital greater than \$10 million) or SWSLHD's procurement in relation to workforce.
5. I note that the role of Health Infrastructure within any hospital redevelopment does include the procurement of medical equipment, furniture, fittings and information and communication technology (**ICT**) equipment that fall under the whole-of-government and whole-of-health contracts managed by HealthShare NSW (**HealthShare**).
6. In discussing delivery of services, this statement focusses on the shared services provided by HealthShare and eHealth NSW (**eHealth**) and the statewide health service provided by NSW Health Pathology (**NSWHP**). On direction from the Inquiry this statement does not address delivery of health treatment services, other than the diagnostic and treatment services of NSWHP.

7. In addressing procurement, this statement relies on the definition of procurement in s. 162 of the *Public Works and Procurement Act 1912*, being: “procurement of goods and services means the process of acquiring goods and services by—
- a. identifying the need to purchase goods and services, and
  - b. selecting suppliers for goods and services, and
  - c. contracting and placing orders for goods and services,
- and includes the disposal of goods that are unserviceable or no longer required”.
8. While it may be implied within section 4(c) above, for the sake of clarity I note that ongoing contract management and, where applicable, service and maintenance contracts across the life of any contract, are a key part of the definition of procurement. For example, in the purchase/lease of any major medical equipment the related service and maintenance contract can be up to 50% of the value over the contract life, and hence this forms an integral part of the supplier negotiation process.

### C. THE SWSLHD PROCUREMENT CONTEXT

9. SWSLHD follows frameworks and policies concerning NSW Government and NSW Health procurement objectives and requirements. Of primary relevance are the following:
- a. *NSW Government Procurement Policy Framework 2022 (NSW Government Procurement Framework)*, Exhibit 16 NSW Health Tranche 2 Consolidated Exhibit List). It requires SWSLHD to procure goods and services in accordance with NSW Procurement Board policies and directions, including the *NSW Government Procurement Framework*.
  - b. *Future Health: Guiding the next decade of health care in NSW 2022-2032 (Future Health)*, Exhibit 23 NSW Health Tranche 2 Consolidated Exhibit List). SWSLHD’s Strategic Plan 2022-2027 Framework is in alignment with *Future Health* (Exhibit 162 NSW Health Tranche 2 Consolidated Exhibit List).
  - c. *PD2023\_028 – NSW Health Procurement (Goods and Services) Policy and NSW Health Procurement Procedures (Goods and Services) June 2022 Version 1*, which are designed to be read together and are referred to collectively in this statement (*NSW Health Procurement Policy and Procedures*, Exhibits 13 and 14 NSW Health Tranche 2 Consolidated Exhibit List).
10. The NSW Government procurement requirements are contained within the *NSW Health Procurement Policy and Procedures*, which reference other applicable policies, such as the *Small and Medium Enterprise (SME) and Regional Policy* (Exhibit 18 NSW Health Tranche 2 Consolidated Exhibit List), which allows SWSLHD to negotiate directly with and engage an SME or regional supplier for goods and services up to \$250,000, even where there is a whole-of-government arrangement in place.
11. Other NSW Health overarching policies relevant to procurement activities include:

- a. *NSW Health Code of Conduct* PD2015\_049 (Exhibit 30 NSW Health Tranche 2 Consolidated Exhibit List),
  - b. *Conflicts of Interest and Gifts and Benefits* PD 2015\_045 (Exhibit 29 NSW Health Tranche 2 Consolidated Exhibit List),
  - c. *Corrupt Conduct - Reporting to the Independent Commission Against Corruption (ICAC)* PD2016\_029 (Exhibit 31 NSW Health Tranche 2 Consolidated Exhibit List),
  - d. *Asset Management* PD2022\_044 (Exhibit 43 NSW Health Tranche 2 Consolidated Exhibit List),
  - e. *Procurement Cards within NSW Health* PD2022\_038 (Exhibit 32 NSW Health Tranche 2 Consolidated Exhibit List) sets out requirements for purchase of goods and services up to \$10,000 where viable.
12. Section 126G of the *Health Services Act 1997* provides that the Minister may direct that a Public Health Organisation acquire specified services from the Health Secretary:

**“126G Directions by Minister in relation to acquisition of services**

(1) The Minister may, by order in writing, from time to time—

- a) require a public health organisation to acquire specified services from the Health Secretary or some other specified person if and when such services are required, and
- b) give a public health organisation any necessary directions for the purposes of paragraph (a).

(2) The following conduct is specifically authorised by this Act for the purposes of the *Competition and Consumer Act 2010* of the *Commonwealth and the Competition Code of New South Wales*—

- a) a requirement or direction of the Minister given under subsection (1),
- b) the entering or making of a contract, agreement, arrangement or understanding as the result of such a requirement or direction,
- c) conduct authorised or required by or under the terms or conditions of any such contract, agreement, arrangement or understanding,
- d) any conduct of the Health Secretary in carrying out the Health Secretary’s functions or exercising the Health Secretary’s powers under this Part,
- e) any conduct of a public health organisation, its agents, a person concerned in the management of the organisation or a person who is engaged or employed by the organisation—

- i. in relation to obtaining services in accordance with this Part, or
- ii. in complying with a requirement or direction of the Minister given under subsection (1).

(3) Conduct authorised by subsection (2) is authorised only to the extent (if any) that it would otherwise contravene Part IV of the *Competition and Consumer Act 2010* of the *Commonwealth and the Competition Code of New South Wales*.”

- 13. An Order made pursuant to s. 126G by the then Minister for Health on 10 November 2008 is at Exhibit 39 NSW Health Tranche 2 Consolidated Exhibit List.
- 14. SWSLHD is directed to obtain certain services from HealthShare, eHealth and NSWHP in accordance with the Direction of the Minister s. 4.1 of the *Accounts and Audit Determination for Public Health Entities in NSW 2020 (the Determination, Exhibit 35 NSW Health Tranche 2 Consolidated Exhibit List)*.
- 15. The determination provides:

#### “4.1 NSW Health Shared Services

- a. Unless otherwise approved by the Health Secretary, PHEs [public health entities] other than AHOs must use the following NSW Health shared services:
  - i. *HealthShare NSW*:
    - 1. Transaction services such as accounts payable, including VMO payment processing, accounts receivable, payroll, and general ledger reconciliations, interfaces and journal postings associated with transaction services
    - 2. Procurement services, including purchasing, warehousing and distribution
    - 3. Hotel and support services, including food and linen
    - 4. Disability support services through Enable NSW
    - 5. Asset register;
    - 6. Payment services, such as payments for accounts payable, including VMO payments, payroll and PAYG from a HealthShare NSW bank account.
  - ii. *NSW Health Pathology* for pathology services, including public pathology, forensic and analytical services;
  - iii. *NSW eHealth* for Statewide information and communication technology services;
  - iv. *Health Infrastructure* for the delivery and management of major capital works projects, and
  - v. *NSW Ambulance Service* for ambulance services (excluding Non-Emergency Patient Transport).

...

- c. unless otherwise approved by the Secretary, PHEs receiving services from a NSW Health Shared Service must pay the Shared Service recovery charge set out in the respective Shared Service Customer Service Charters, as adjusted from time to time. The Shared Service recovery charge will be paid by the Ministry on behalf of the PHE;
- d. if no applicable Shared Service recovery charge is included in the Customer Service Charters, PHEs must, subject to the receipt of a correctly rendered Tax Invoice, promptly pay the Shared Service for services received, within normal trading terms;
- e. PHEs must appropriately record in the PHE accounts all Shared Service Recovery charges paid by the Ministry to a NSW Health Shared Service on behalf of the PHE and other NSW Intra-Health payments made on behalf of the PHE by the Ministry through the Ministry of Health State Pool, as set out in the Accounting Manual for Public Health Organisations; and
- f. PHEs must promptly pay for other services received from other NSW Health entities on receipt of a correctly rendered tax invoice.

#### **Use of HealthShare NSW for payments**

- a. PHEs, other than AHOs, must use HealthShare NSW for all payroll and accounts payable transactions unless exempt by the Ministry and where the payment is urgently required and cannot be processed by HealthShare on the same or next Business Day; and
- b. if an urgent payment directly by the PHE is required, the payment must be made by cheque or electronic funds transfer and the payment approved by two officers authorised to do so under approved delegations.”

#### **D. THE SWSLHD PROCUREMENT STRUCTURE**

- 16. While the NSW Government and Ministry of Health develop these policies and high-level procedures, there is the ability for SWSLHD to develop detailed local ‘Guidelines’ to support the operationalisation of those policies and procedures. In this regard, is the SWSLHD guideline *“SWSLHD Major Procurement Requirements and Guidelines: Tenders, Expressions of Interest, Contracts and State Contract Equipment Purchases”* (Exhibit 163 NSW Health Tranche 2 Consolidated Exhibit List).
- 17. In addition, the SWSLHD Delegations Manual was developed (Exhibit 161 NSW Health Tranche 2 Consolidated Exhibit List). The purpose of SWSLHD Delegations Manual is to provide clear and unambiguous local directions, including in the matters of authorisation and quantification of expenditure.
- 18. As set out in SWSLHD’s submissions, the recent reform at SWSLHD to its procurement program includes stronger procurement governance, improved record keeping practices, and establishing procurement roadmaps that have led to savings, and encouraging

sustainability and diversity of supplies in accordance with the SME policy and Aboriginal Procurement Policy.

19. SWSLHD employs a Procurement Manager, who reports directly to the Director, Finance and Corporate Services. The SWSLHD Procurement Manager liaises and consults with the NSW Health Chief Procurement Officer. A copy of the SWSLHD procurement team structure is at Exhibit 121 NSW Health Tranche 2 Consolidated Exhibit List.
20. SWSLHD has invested significantly in building capability within procurement, by way of an executive decision-making Strategic Procurement Advisory Board, team knowledge and engagement with frontline stakeholders. The Strategic Procurement Advisory Board includes the SWSLHD Chief Executive, NSW Ministry of Health Chief Procurement Officer and HealthShare Executive Director, Procurement. A copy of the Strategic Procurement Advisory Board Terms of Reference is at Exhibit 122 NSW Health Tranche 2 Consolidated Exhibit List.

## **E. HOW SWSLHD OBTAINS GOODS AND SERVICES**

### **(i) procurement**

21. The framework for SWSLHD's use of centralised services for procurement of goods and services, excluding Information Communication Technology (**ICT**) procurements, is as follows:
  - a. SWSLHD uses whole-of-government or whole-of-health contracts for obtaining goods or services to which those contracts apply, in accordance with the NSW Procurement Board Direction *Approved Procurement Arrangements* (Exhibit 33 NSW Health Tranche 2 Consolidated Exhibit List), including for procurement under \$10,000 (with the exception of certain capital procurement).
  - b. For procurements not available on a whole-of-government or whole-of-health contract, SWSLHD must use whole-of-government prequalification schemes or procurement lists where available. For example, *'Performance and Management Services Scheme'* (SCM0005) is the default arrangement for the engagement of non-ICT professional services, including consulting services, project management, audit and procurement services (subject to the requirement for referral for professional services over \$30,000 being referred to the Chief Procurement Officer). *'Contingent Workforce'* (SCM0007) is the default arrangement for the supply of contingent labour to NSW Government agencies, including SWSLHD.
  - c. If there is an applicable exemption under a procurement-connected policy such as the SME and Regional Policy or the Aboriginal Procurement Policy (Exhibit 21 NSW Health Tranche 2 Consolidated Exhibit List), SWSLHD may procure outside the above arrangements. Any other exemption must be approved by the NSW Health Chief Procurement Officer (**CPO**). While rare, a recent example of this for SWSLHD, was the approval to begin direct negotiation around managed print services. That negotiation is underway and commercial-in-confidence.
  - d. Procurements outside of existing procurement arrangements and valued at more than \$250,000 are referred to HealthShare.

22. In procuring outside of statewide contracts, SWSLHD determines the tender process for procurement over the value of \$30,000 using the Tender Risk Assessment Tool. The Tender Risk Assessment Tool output details the type of tender to be undertaken (that is, level 1, 2 or 3, with level 3 having the highest value and/or risk) and the required procurement documentation to be completed at each stage of the Plan, Source, Manage Procurement Process. Tender risk assessment information is captured in Approval to Tender briefs to the SWSLHD executive. On completion of the tender process tender probity and governance is reviewed by the SWSLHD Tender Review Committee before Chief Executive approval is received allowing final contract negotiations. On contract execution by both parties the agreement is stored in Portt Discovery to meet record management requirements and a GIPA is released if the engagement is more than \$150,000. Once the new good or service has been implemented its performance is monitored via a contract management process by the key stakeholders overseen by SWSLHD Procurement.
23. In scenarios (a) and (d) in paragraph 21, the role of HealthShare is to provide advice, administrative support, purchase order creation and tendering processes, and policy/procedural oversight, while the recognition of the business need, the establishment of any working committee to define selection criteria within the tender, negotiation with suppliers, final tender evaluation and award, and ongoing contract management rests with the LHD, other than escalating for HealthShare as required depending on the level of complexity. In scenario (b), HealthShare has no formal role, however escalation to HealthShare is available to us if we have procurement enquiries.
24. SWSLHD has engaged in several high value contracts under scenario (d) in paragraph 21 above over recent years.
25. When procuring ICT-related goods and services, the framework is as follows:
  - a. SWSLHD uses whole-of-health or whole-of-government contracts for ICT-related procurements of any value, where available on an existing contract;
  - b. SWSLHD refers ICT procurements outside of whole-of-health or whole-of-government contracts valued at more than \$150,000 to eHealth NSW;
  - c. SWSLHD obtains approval from eHealth NSW before commencing procurement involving laptops or desktop computers of any value;
  - d. SWSLHD uses the Whole-of-Government '*ICT Services Scheme*' (SCM0020) where the ICT-related goods or services are valued at less than \$150,000 and are not available on an existing contract.
26. Approval of the CPO is required in the following circumstances:
  - a. Procurements valued at \$30 million or more, of any type (although procurements of this value are subject to the SWSLHD Delegation Manual and are unusual, but are discussed below);
  - b. The engagement of consultants for a value greater \$30,000. This is articulated in SWSLHD's Delegation Manual at section 2.3.1;

- c. at any value under a whole-of-government or whole-of-health contract where direct supplier negotiation is a preferable outcome.
27. For those procurements valued at greater than \$30 million, they will be run and managed by the NSW Ministry of Health and/or HealthShare, with SWSLHD participating solely as a stakeholder. A current example of this for SWSLHD is the need to enter a Managed Equipment Service over 20 years to replace in excess of \$60 million of medical imaging equipment past 'use-by-date'.
- (ii) use of shared services**
28. SWSLHD engages HealthShare for the following services:
- a. Accounts Payable – processing invoices and payments;
  - b. Accounts Receivable – raising invoices and debt collection;
  - c. Employee and Financial Transactional Services – which primarily relates to employee payroll services;
  - d. Enable NSW – assistive technology and related services to assist people to live safely at home;
  - e. Food - Patient meals and discretionary food services for patient family members and staff;
  - f. Linen services;
  - g. Patient Transport Service; and
  - h. Warehousing.
29. NSW Ministry of Health as the system manager provides management of the following services to SWSLHD:
- a. Utilities such as Electricity and Gas supply;
  - b. Blood and Blood Products;
  - c. Treasury Managed Fund Insurances for Workers Compensation, Property Motor Vehicles and Public Liability;
  - d. Fleet Services; and
  - e. Travel and insurance.
30. In relation to eHealth, services engaged by SWSLHD are ICT support services, including software management and licensing for many clinical and non-clinical applications, database and network management and cyber security policy and procedures. eHealth services obtained by the LHD are bundled in the sense that they include both service and licence fees together.



31. SWSLHD engages NSWHP to perform all pathology services within the LHD.
32. SWSLHD is provided additional support from NSW Health Pillar organisations: the Agency for Clinical Innovation, Clinical Excellence Commission (**CEC**), and Bureau of Health Information.

#### F. SWSLHD's SPEND ON PROCUREMENT AND SHARED SERVICES

33. Expenditure on goods and services for SWSLHD for the last two financial years, with a breakdown as to HealthShare administered whole-of-government/whole-of-health and pre-qualification schemes, NSW Ministry of Health managed, shared services and procurements outside of existing arrangements is as follows:

SWSLHD Goods & Services Expenditure (excluding COVID-19 Expenditure)	2022/23		2021/22	
	\$	%	\$	%
Whole of Government/Whole of Health & Pre-qualification Schemes	260,290,104	46%	214,052,257	46%
NSW Ministry Managed	32,951,661	6%	29,472,025	6%
<b>Shared Services</b>				
Healthshare NSW	72,988,628		68,147,659	
Pathology	61,638,313		51,243,076	
eHealth	42,911,956		29,070,135	
NSW Ambulance	4,080,603		3,731,921	
SCHN - Nets	805,779		689,361	
HSSG - Compacts	3,168,240		2,895,319	
Other	3,611,897		3,170,307	
<b>Total Shared Services</b>	<b>189,205,416</b>	<b>34%</b>	<b>158,947,778</b>	<b>34%</b>
Procurements outside of Existing Arrangement	79,522,764	14%	67,633,364	14%
<b>Total Expenditure</b>	<b>561,969,945</b>		<b>470,105,424</b>	

34. SWSLHD has significant involvement in determining procurement outcomes for HealthShare administered NSW whole-of-government and whole-of-health contracts and prequalification schemes and procurements outside of existing arrangements. However, SWSLHD can only control volumes to an extent for shared services and NSW Ministry of Health managed, which function predominantly as a *'pass-through'* model. Examples of this *'pass-through'* services include; Patient Transport Services, Linen Services, and Food Service.
35. The support provided from the Pillars is paid for via the statewide intra-health settlement and transacted through the weekly NSW Ministry of Health subsidy.

#### G. ADVANTAGES OF CURRENT SYSTEM, INCLUDING RECENT DEVELOPMENTS

36. Current procurement and service delivery arrangements for SWSLHD provide substantial administrative efficiencies in that whole-of-government and whole-of-health contracts are managed either by the NSW Department of Customer Service, NSW Ministry of Health, HealthShare and eHealth.

37. Having a whole-of-health procurement policy and associated links to other related government policy, enables SWSLHD to have clear procedures to follow and a source of truth to ensure compliance assurance.
38. Using the buying power across NSW Health with suppliers enables SWSLHD to benefit with consistent and improved pricing and consequently savings. For example, according to HealthShare, contracts managed by HealthShare (for example, pharmaceuticals, medical consumables, and prostheses) saved SWSLHD \$9.9 million.
39. The consolidation of computerised imprest product lists for consumables at the HealthShare *OneLink* warehouse and the move to an overall Master Catalogue across NSW Health will result in rationalised choice of goods and services and improved reporting on buying behaviour and opportunities.
40. Current arrangements support operational decision making and service planning and delivery to the extent that there is consistent policy and procedures, and streamlined administrative functions across the various contracts and schemes.
41. The responsibility for making informed operational decisions in regard to planning and service delivery currently sits with SWSLHD. This is necessary as the operational understanding resides at the local health district level. While SWSLHD has invested significantly in building capability within Procurement, there is still a way to go to have a mature planning model based on future volumes, pricing and understanding of the market.
42. The supply chain disruptions and challenges that SWSLHD has experienced over the last 5 years relate to the statewide issue of the unavailability of Personal Protective Equipment during the COVID-19 pandemic. Across the system part of the issue was the lack of local inventory systems to know how much product was actually in stock at the LHD level, and what future demands would be. Additionally, there was a supply shortage across the system in 2022 for medical imaging contrast agents. This highlighted the reliance on supply from limited suppliers and overseas markets.
43. Both these disruptions were managed centrally by Healthshare and the CEC, and operations were not impacted to the extent that any services had to be stopped. Local governance central to the LHD is established in these cases to ensure that a stocktake is undertaken and supply risk is minimised through the sharing of stock. This is documented through the SWSLHD Nil Stock Escalation Process (Exhibit 164 NSW Health Tranche 2 Consolidated Exhibit List).

#### **H. DISADVANTAGES OF THE CURRENT SYSTEM**

44. Limitations of the current procurement and service delivery arrangements are that only partial savings are achievable through those advantages mentioned above, that is, improved pricing. The need for operational understanding, implementation and contract adherence is imperative and relies on local procurement teams. This capability is not provided by HealthShare or the NSW Ministry of Health.
45. SWSLHD has invested in a centralised category-based procurement team with expert operational knowledge that aims to align internal stakeholders. For example, clinicians to 'buy into' the relevant procurement strategy and ensure there is a control on the decision to spend upfront.

46. Current procurement arrangements at times can disadvantage SWSLHD by capping price reductions on whole-of-health contracts. This arises for SWSLHD regarding capital procurement, although not relevant to subject of this statement, because of the amount of capital development underway.

#### **I. OPPORTUNITIES**

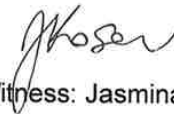
47. There are a number of opportunities to improve policy and procedures that would benefit SWSLHD and other LHDs. These fall into the categories of statewide computerised system enhancement, system understanding of the operational complexity to implement and manage procurement contracts and related activities, and clarity across NSW Health regarding supplier relationships and management.
48. In regards to statewide computerised system enhancement, opportunities are:
- a. Integration of standalone operational computer systems. For example iPharmacy (the pharmaceutical inventory system) currently does not talk to ORACLE, the state-wide Financial Management System;
  - b. The completion of the statewide master catalogue and the elimination of *'free text'* ordering, that is, ordering products off catalogue. This will rationalise choice and lock in consistent pricing across the state;
  - c. Improved system-wide reporting to understand expenditure and procurement behaviour by supplier and user;
  - d. An improved ORACLE Inventory Management System that enables better forecasting and planning to support good decision making;
  - e. Utilisation of AI technology to enhance transactional efficiencies, by automating routine functions.
49. SWSLHD has invested in a third-party system (h-Trak) to enable visibility and quality assurance over its prostheses and related consumable products. This system while beneficial to the LHD is not fully integrated into ORACLE as all receipting of ordered product must be done manually.
50. There has been a reluctance of NSW Health to support further integration of h-Trak into ORACLE due to the decision to develop and rollout HealthShare's *'Traceability'* product, within the SmartChain platform.
51. There is an opportunity regarding the lack of system understanding of the operational complexity to implement and manage procurement contracts and related activities. These include the following areas:
- a. the of silos across health, particularly between HealthShare, Health Infrastructure and the LHDs. Internal silos also exist within the LHD where clinicians across different hospitals and even within departments are reluctant to change their product preferences to support overall procurement value;

- b. capability within procurement staff needs to extend to an in-depth product/procedure knowledge to be able to challenge product selection;
  - c. lack of training and educational resources locally and across the system to teach staff on the front line how to better use procurement systems (appropriate ordering volumes) and inform them of enterprise procurement strategies, that is, to ensure adherence and 'buy-in';
  - d. lack of local (SWSLHD) resourcing to identify staff that are initiating spend at the time of implementation of contracts and then embed ongoing purchasing behaviour to sustain outcomes. For example, ensuring that in-theatres surgeons adhere to agreed product preferences and that theatre Nurse Unit Managers are the first-line gatekeepers to ensure adherence.
52. Finally, an area of opportunity is the lack of clarity across NSW Health regarding supplier relationships and management. This includes:
- a. Lack of clarity around system-wide supplier engagement by the Ministry and HealthShare. This includes identifying opportunities and resolving disputes.
  - b. SWSLHD has established a Strategic Procurement Advisory Board which includes the SWSLHD Chief Executive, NSW Ministry of Health Chief Procurement Officer and HealthShare NSW Executive Director, Procurement. As procurement activity is directly linked to the savings target each LHD must meet, SWSLHD will engage with major suppliers and initiate discussions on business opportunities and improved outcomes. This is over and above the state-wide '*Accelerated Savings Program*'.
  - c. Lack of system-wide supplier management by the Ministry and HealthShare. Suppliers will frequently change pricing and engage with clinicians directly. Any '*policing*' around this is largely left to the LHD. This is apparent in the high level of price variation holds that occur. SWSLHD has had contractual disputes across Salary Packaging and Teleradiology contracts that have been left with the LHD to resolve.
53. The reference in SWSLHD's submissions to opportunity "... *to maximising impact and improving health outcomes...*" through "...[c]*ross-organisational collaboration and maintaining consistent partnerships...*" (page 17) relates to "Governance and Accountability" (TOR B) and is not intended to relate to discussion of TOR E.
54. The SWSLHD's submissions refer to the opportunity for establishing consistent LHD support networks of service delivery and effectiveness of collaboration between LHDs, including regarding procurement. A clarifying example would be SWSLHD's support of regional ICUs with relationships developed through clinicians. Although not part of a centralised system, it was created out of a need for expertise and could be similarly applied in relation to procurement expertise. Efficiencies could be created through sharing of resources and information between metropolitan and rural around issues of administrative complexity such as digital health teams (who manage and support digital platforms within SWSLHD) and procurement teams and processes. A recent Ministry of Health level review of Human Resources observed that specialty hubs could be utilised

for specialised workforce around Industrial Relations and a similar approach could be adopted with metropolitan digital experts and procurement specialists.



Sonia Marshall  
Date: 5 February 2024



Witness: Jasmina Kosev  
Date: 5 February 2024