

Reference: 20160160

12 July 2016



Thank you for your Official Information Act request, received on 18 May 2016. You requested the following:

*“All reports, briefings, advice, emails, aides memoires that mention the use of PwC consultants in the Ministry of Health and/or district health boards since December 2015.”*

Following communication with a Treasury official you narrowed your request to:

*“All Treasury generated reports, briefings, advice, emails, aides memoires that substantively discuss the use of PwC consultants in the Ministry of Health and/or district health boards since December 2015.”*

On 14 June I extended the time limit for deciding on your request by an additional 20 working days.

### **Information Being Released**

Please find enclosed the following documents:

<b>Item</b>	<b>Date</b>	<b>Document Description</b>	<b>Proposed Action</b>
1.	20 March 2016	Email re: Update on Ministry of Health Issues	Release in part
2.	20 March 2016	Email re: Further to Chai's email on engagement with the Treasury	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people,

- confidential information, under section 9(2)(ba)(i) – to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, and where releasing the information would either prejudice the supply of similar information in the future - and it is in the public interest that such information should continue to be supplied, and
- certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions.

Please note that the emails out of scope in document 2 are from a PwC employee on contract at the Ministry of Health who was in a senior position in the finance function. The emails relate to how Ministry staff are to communicate with the Treasury. Treasury considers that the PwC report into the financial management issues associated with the Molesworth Street property identified the underlying causes and agrees with its recommendations to improve the financial control function at the Ministry.

### Information to be Withheld

There are also some emails within Treasury and to/from the Ministry of Health discussing the social bonds programme, where PwC is mentioned as providing specialist financial advice services to the Ministry. Those emails discuss individual consultants; discuss the procurement, use and management of consultants on a project that is ongoing, and where selection and use of consultants is ongoing; and also contain some legal advice. The emails are withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i), 9(2)(g)(i), 9(2)(h), 9(2)(i) and 9(2)(j) of the OIA. However, we are happy to confirm that the emails do not discuss the quality, cost, or value-for-money of PwC's work.

As requested, these emails are listed below:

Item	Date	Document Description	Proposed Action
1.	4 May 2016	FW: <i>[name withheld]</i> - Status	Withhold in full including part of title
2.	4 May 2016	Re Tsy comments on the CIO management plan + Second Procurement Process	Withhold in full
3.	6 May 2016	Re Tsy comments on the CIO management plan + Second Procurement Process	Withhold in full

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Ben McBride  
**Manager, Health**

# TOIA 20160160

## Information for Release

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|----|--|---|
| 1. | <a href="#">RE update on Ministry of Health issues</a>                     | 1 |
| 2. | <a href="#">RE Further to Chai's email on engagement with the Treasury</a> | 2 |

**From:** Ben McBride [TSY]  
**Sent:** Sunday, 20 March 2016 3:38 p.m.  
**To:** Paul Helm [TSY]; Gabriel Makhoul [TSY]  
**Cc:** Davin Hall [TSY]; Fiona Ross [TSY]; Andrew Blazey [TSY]  
**Subject:** RE: update on Ministry of Health issues

Hi there

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**The investigation into the failure**

- After the failure was identified last year, Chai asked Barbara Philips (who was the DDG responsible for the accommodation project) and Mike McCarthy to oversee the investigation. Gabs had asked Chai for us to be consulted on the ToR, but PWC were appointed before we saw anything and had started their contract (they've been there ever since). s9(2)(g)(i)
- When we met PWC on the failure, they said there were two bits of work they were involved in, the investigation into the failure, and work on the overall financial management function, which they were at pains to emphasise was the most important piece of work. We saw a slide pack of their early thinking on the latter.
- We commented on a draft of pwc's report, then saw an unchanged report presented as a final, which we raised objection to. We were told our feedback would be incorporated. s9(2)(g)(i)
- For briefing ministers this budget, we'd emphasised that we needed some documentation on the failure s9(2)(g)(i) oral updates were insufficient. Pwc's thinking on the latter went into the restructuring proposal. but there was no report on the overall changes. s9(2)(g)(i)
- Deleted - Not Relevant to Request

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**From:** Ben McBride [TSY]  
**Sent:** Sunday, 20 March 2016 3:54 p.m.  
**To:** 'Fergus\_Welsh@moh.govt.nz'  
**Subject:** RE: Further to Chai's email on engagement with the Treasury

[IN-CONFIDENCE]

Hi Ferg

It's true I don't have any knowledge of the role that PwC have played inside the Ministry, they may have added real value.

From our perspective, when PwC came in to do the investigation they told us the failure wasn't the issue we should focus on, it had happened after all, but we should focus on the big changes they would make to financial management and governance. They said they'd fix the situation. Paul got occasional very brief updates from Jeroen, but we never saw a plan for the finance governance changes other than a few slides of some early thinking in March or April last year.

When I did hear from Jeroen s9(2)(ba)(i) but never provided any plan or other documentation until we were briefed on the restructuring by Philippa Jones. Then we had the same Issues around lack of coordination and governance - the very issues that were to be addressed - occur during the budget. We had infrequent appearances by Jeroen at four-year plan meetings, s9(2)(ba)(i)

s9(2)(ba)(i) When me and Fiona raised these issues with Chai he told me to take it up with Jeroen

For their part, existing finance staff have appeared increasingly out of the loop and demoralized. s9(2)(g)(i)

s9(2)(g)(i)

Ben

Ben McBride  
 Manager, Health, **The Treasury**  
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**From:** Fergus\_Welsh@moh.govt.nz [mailto:Fergus\_Welsh@moh.govt.nz]  
**Sent:** Friday, 18 March 2016 11:50 a.m.  
**To:** Ben McBride [TSY] <ben.mcbride@treasury.govt.nz>  
**Subject:** RE: Further to Chai's email on engagement with the Treasury

Hi Ben

As discussed the other day the process for Jeroen as acting CFO to be advised of what engagement as occurring was to ensure that he was over what was going to the Treasury and trying to get better alignment of policy issues with funding initiatives, rather than us finding out from you that something has gone across. However the intention was by no means been to stop or inhibit engagement between Ministry staff and the Treasury. Hopefully it would reduce the impact on Treasury having to keep finance informed after the fact. Once the budget stuff starts to slow down it would be good to have a chat to see how we can ensure there is a smooth process for flows of information going forward, and make sure we all provide a consistent message on the appropriate engagement modal and flows of communication.

On the other observation on progress not being made, from my experience over the past 3 weeks I think the PWC team have made a significant contribution and a number of processes that were previously absent or not working well and have started to be

implemented with their leadership and guidance, prodding etc. Like any changes in a large organisation, these will take time to be embedded but the work developed and is being rolled out will provide a strong foundation for going forward. That's not to say there isn't lots to get on to do but some of the more immediate issues have been addressed and processes in place.

Going forward we will need to work out how we work with you and share information on where things are at, and I think this will be important to provide you with comfort that changes made or proposed can build confidence in the Treasury.

Thanks  
Ferg

Fergus Welsh  
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Finance and Performance  
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From: "Ben McBride [TSY]" <[ben.mcbride@treasury.govt.nz](mailto:ben.mcbride@treasury.govt.nz)>  
To: "[Fergus\\_Welsh@moh.govt.nz](mailto:Fergus_Welsh@moh.govt.nz)" <[Fergus\\_Welsh@moh.govt.nz](mailto:Fergus_Welsh@moh.govt.nz)>,  
Date: 15/03/2016 10:41 a.m.  
Subject: RE: Further to Chai's email on engagement with the Treasury

[UNCLASSIFIED]

Hi Ferg

s9(2)(ba)(i) and s9(2)(g)(i)

Ben

Ben McBride  
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