

## CPSU response to Questions on Notice

**Senator WHITEAKER:** Certainly I agree and I think it's pretty clear that the government agrees that enhancing integrity in procurement is important, and we've been doing it over a period of time. It's not clear to me why this bill is necessary when we've undertaken some pretty significant work in this space already. I'm interested in some more specific examples about where this is a problem beyond PwC, but it sounds like you don't necessarily have any other specific examples you can provide.

**Mr Chiu :** I'm happy to provide some more stuff on notice.

The CPSU has previously highlighted multiple examples of unethical conduct by government suppliers. Three particularly egregious cases are the robodebt scheme, the use of third-party contractors in aged care assessments, and the use of generative artificial intelligence to produce what was represented as an independent assurance review.

The Robodebt Royal Commission (Commission) exposed a clear example of unethical supplier behaviour driven by the pursuit of ongoing and expanded contracts. The Commission found that the then-Secretary of the Department of Human Services engaged PricewaterhouseCoopers (PwC) to review robodebt processes. When concerns were raised internally about PwC undertaking work outside the scope of its contract, the relevant PwC partner responded that budgetary constraints were not an issue because *“we will be there for the next 3 years and will actually take on the outsource of the data analytics functions... Happy days”*. This statement demonstrates an unethical focus on securing future work rather than providing independent and objective advice.

Despite PwC's engagement letter specifying the delivery of a final report on the robodebt scheme, no such report was provided. Instead, the department received only an eight slide PowerPoint presentation. The Commission's findings make clear that PwC's conduct fell well short of the standards expected of an ethical supplier to government and that these issues were only revealed because of the Commission's investigative powers.

Similar risks have been identified in the aged care sector. The Aged Care Quality and Safety Commission (ACQSC) contracted at least four external firms to supply accreditation assessors and related services under what it termed the Third Party Partner (TPP) program. The CPSU is aware that at least two of these suppliers, KPMG and SAI Global, also provided consultancy services to aged care providers. Publicly available information on the KPMG website explicitly stated that its services to aged care providers included assistance with accreditation. Parliamentary scrutiny has highlighted the inadequacy of separation arrangements within the TPP program and the significant risk of conflicts of interest and unethical conduct.

More recently, the Department of Employment and Workplace Relations (DEWR) engaged Deloitte to conduct an independent assurance review of IT systems used to automate the management of “mutual obligations” for job seekers. Deloitte used generative AI to produce a report that contained fabricated court cases, false references, and significant errors. After an academic identified the fabricated references, Deloitte initially denied that the use of AI was responsible, attributing the errors to poorly transcribed citations. Deloitte later conceded that it had failed to inform DEWR that generative AI had been used to produce the report. Deloitte's use of AI for writing tasks had not been approved by DEWR, raising serious concerns about ethical behaviour and professional standards.

CPSU members have consistently reported a widespread perception that consultancies frequently recommend courses of action that generate further work and revenue for themselves. More broadly, the government's use of consultancies and other external suppliers is characterised by insufficient transparency in procurement processes, weak reporting requirements, and inadequate accountability mechanisms. These systemic deficiencies make it easier for unethical conduct to remain concealed, as demonstrated by the PwC robodebt conduct, which only became known through the Commission. It reinforces the need for a debarment and suspension regime to deter unethical conduct.