

Revenue Protection Services



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Dear Mr Wright

With over 37 year's investigative experience, since 1983 I have specialised in utilising the analysis of large amounts of data in the investigative and business improvement process.

In September 2010 I returned from the UK having presented a paper at the [UK Revenue Protection Association](#) 11th conference in Kenilworth, near Coventry. This was a follow up from my paper at the associations 3rd conference in 1996. Hydro/Aurora Energy's revenue protection/assurance performance was leading edge and well acknowledged worldwide.

The main thrust of my paper was the use of data matching techniques in the identification of potential revenue losses by theft, errors and omissions. Following my presentation I was approached by Colette Baldwin, regulatory manager from [E.on](#), a significant electricity/gas business in the UK.

She was particularly interested to talk further about my views on the use of data analysis in the revenue protection process. Colette is the chair of a group, representing a number of major gas businesses in the UK, investigating the potential to implement a central revenue protection service in the UK servicing all of the member retailers and distributors.

Prior to leaving Tasmania I was working with the NZ consultant who introduced the above revenue protection methodology to the Hydro in 1996. He's currently working on a pilot project in NZ with WeDo Technologies using the above integrated data analysis methodology.

[WeDo Technologies](#), the world's leading supplier of business assurance solutions, and I are currently involved in the tender process to provide data analysis services to the above project.

While in the UK I was in conversation with WeDo Technologies Utilities Director, based in Portugal, and discussed the technical feasibility of an Australian central revenue protection service based in Tasmania. With the current roll out of the NBN, especially with Aurora's involvement, the vastly increased bandwidth would make data transfer and analysis so much easier and quicker.

I raised this proposition by e-mail with the then Premier, David Bartlett, and on my return to Tasmania I met with Mike Nermut, the Premiers IT and technology advisor. Acknowledging the benefits of the use of technology in the business assurance process Mike referred me to the Energy Ministers advisor, Alison Turner.

Following this meeting, WeDo Technologies Asia Pacific Vice President and I met with senior management at Aurora on, 2nd February, and discussed the benefits of utilising RAID, WeDo's world leading business assurance solution.

In further discussions with Mike Nermut he suggested that I should discuss RAID's capabilities with other Government departments such as Health, Treasury and TMD.

PriceWaterhouseCoopers estimates leakage in the healthcare industry at between 5% and 10% of budget, in the case of Tasmania's DHSS expenditure being \$1.6 billion this is potentially between \$80

and \$160 million per annum. With the current difficult financial situation Tasmania is experiencing I'm sure any savings in the health budget would be very much appreciated.

Some of the leakage areas within the healthcare industry include:

- Incorrect or insufficient patient and production data
- Scheduling processes not optimised
- Incomplete or insufficient records of medical care activities and resources consumption
- Charging errors or delays
- Inconsistencies of data due to integration problems among the different systems and corporate databases
- Delays in payments and reimbursements
- Telecommunications costs
- Faults in the control processes that limit the capacity to evaluate and manage the profitability of services and the negotiation with external contractors and suppliers

Having had some correspondence with Department of Treasury officials I gave the attached presentation to Penny Egan, DHHS Chief Financial Officer on 12th May 2011. Penny was especially interested in RAID's Communications Cost Control module as the Department had been the victim of a significant fraud in this area, where a child in care had misused a departmental SIM card incurring some \$150,000 in charges.

Penny subsequently advised me that my information had been given to "our new "team" working on productivity and efficiency improvements and (I) will discuss it further with them"

Further enquiries with the Department in August 2011 resulted in the following response "Our team is looking at a range of issues and gathering preliminary data to enable informed decisions on where to devote effort in the short and medium term. If we wish to progress further discussions with you following that work we will be in contact in due course".

I am firmly of the view that if tight business processes were in place within the DHHS prior to the current financial situation the unpalatable ward closures and staff reductions would not be necessary, at least not to the same extent and causing so much distress and heartache.

I am amazed that as a local Tasmanian with an experienced international partner our offers to assist haven't even been considered. Even if savings of 1% - 2% (\$16 - \$32 million) could be achieved that would surely be much more preferable than the continuing downsizing of the Health Department.

The latter creates problems in itself in that with less staff the required checks and balances are not in place and the declared savings in the 'List of Savings Strategies' won't be achieved.

Yours sincerely

Principal Consultant