



## SPARK AND CANNON

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 29/04/2013

Continued from 24/04/13

DAY 21

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THE COMMISSION COMMENCED AT 10.07 AM

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MR HORTON: Mr Commissioner - - -

COMMISSIONER: Good morning.

MR HORTON: - - - before Mr Price resumes his evidence may I just take care of a couple of house keeping matters? First of all, may I tender a document, or two documents, in relation to the tender part of the inquiry? It's under cover of a letter from Ashurst, dated 17 April 2013. The first is the December 2006 IBM business conduct guidelines, and the second is the December 2004 IBM government client guidelines global.

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COMMISSIONER: The two sets of guidelines will be respectively exhibit 84 and 85.

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ADMITTED AND MARKED: "EXHIBIT 84"

ADMITTED AND MARKED: "EXHIBIT 85"

MR HORTON: On the weekend we were served in draft by Ashurst the statements of Mr Doak and Mr Hickey. There are two further statements to come from Ashurst in relation to IBM witnesses, namely, Mr Gower and Mr Prebble. Mr Doak's statement is quite lengthy but we seek to accommodate his evidence this week, so what's proposed is that Mr Doak will be called at 2.30 on Thursday with a view to having him finished by lunch time Friday. If it's convenient to you, Mr Commissioner, we would then adjourn on Friday at lunch time, resume then on Monday and the Tuesday, which will be two extra days, to deal with the three other IBM witnesses, and then to adjourn to the following week where we would continue and finish the contract evidence.

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COMMISSIONER: That sounds satisfactory. Is that agreeable with all of you?

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MR DOYLE: Yes, thank you.

MR HORTON: Thank you.

COMMISSIONER: Can I mention before you resume too, I received on Friday submissions from the counsel for the state and counsel assisting, and I found them helpful and I thank counsel for their assistance. Yes.

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**PRICE, ANTHONY** called:

MR HORTON: Good morning, Mr Price. When we finished last week I was asking you about the memo which you had written dated 6 July 2009?---Yes.

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We just want to continue that questioning on some of the content of what you've said there. Ms Associate, could the witness please be shown volume 9, page 240?---Yes.

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You seem here to be setting out issues, as you describe them, which require a solution - - -?---Yes.

- - - as you then saw it. Can I just take you over a few pages to 242?---Yes.

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The second dot point under Quality Management just below halfway down the page, you speak in the second half of that dot point about IBM output being of very poor quality, and that there hasn't been instituted any internal quality assurance formally. Can you give some detail to fill out that assertion?---Okay. What I was referring to there - it's at the end - a standard practice was in a project to assure the quality is to have defined deliverables or products and those products themselves have acceptance criteria and be agreed before hand and then signed off as they occur. The point I was making here is that list of work products and acceptance criteria didn't - you know what I'm saying? It didn't exist at the time, yes, and in fact they weren't actually provided and signed off until much later in 2009.

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After this memo was written?---After, yes.

And you talk about things being poor in quality, some outputs. What outputs were they?---For instance, the requirements gathering process that IBM did undertake after 60 and 61 was signed off was of very poor quality in the sense that the process they were using weren't working very well and so on.

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60 and 61 was the integration issue?---Yeah, that's to do with the HR and financial integration issue.

That issue seems never to have been resolved. Is that right?---Certainly it had ongoing ramifications through all aspects of the project throughout this.

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In fact I think you say later - I'll take you to the document in a moment but you say in effect it was descoped, the integration issue?---Some parts of the integration issue were descoped. There was a particular one - I believe it was defect 1100, cost allocation - and that was the process by which all the costs of individuals was then transferred to the ledger so we could work out the actual cost for a case point of view, so that was cost allocation. You had to be allocated the wage types, the overtime and everything as they were used. At some point in time it became clear that couldn't be done and eventually Queensland Health decided to take that out of it, to de-scope it and do that through a manual workaround.

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Assume for a moment that change requests 60 and 61 arose by reference to some pressing need. Do you have any reason why change requests 60 and 61 themselves couldn't have dealt entirely and fully with the integration issue at that time, that is, mid-2008?---No, it was my understanding that's exactly what they would do, they would deal entirely with that integration issue and all its aspects.

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Can I move to the next dot point, please, Mr Price, Business Requirements, and to the second paragraph of the first dot point there, "The process followed by IBM to identify Queensland Health business requirements was inadequate"? In what respects was it inadequate?---Well, in various respects. I guess what I'm referring to here, and the bit I had first-hand knowledge of, was attending business requirement gathering meetings of the HRFI to see how it progressed, and it was clear that the people running the workshops weren't skilled at this particular process and there's a lot of difficulty around that. So there was sort of discussion and conflicts arising right from the word go about how these things were being done - - -

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COMMISSIONER: Who was running - sorry, finish first?---It didn't follow what the normal expectation I would have had, for a requirements to be.

Who was running the workshops?---There was two staff from IBM. I recall Jason Cameron being there, and there was another lady whose name I can't remember at the moment. No, sorry, I mean, you would have expected someone to be there who had understanding of financial aspects of SAP, and I gather those people did but I think business analysis is actually, you know, run by business analysts so they should have been there as well to understand and, you know, provide the proper mappings of processes and create all the case tools and so that they normally use.

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MR HORTON: What was done by the IBM facilitators, I guess, to elicit the business requirements of Queensland Health in the instances that you were present for?---I recall going to the first couple of meetings and they didn't seem to have a strategy in place of how they were going to get this. They sort of started off midway with questions about certain aspects of finance operations but it was clear that it wasn't getting the answers that they needed and frustration was growing from both sides.

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Who attended the workshops that you attended from the state's side of the equation?---Well, there was a whole group of people attending from Health, there was QHEST people, so there would have been Andrea Sams and Dianne Windsor were the principal ones, but there was another four or five of our group, and there were also people attending who represented the various interfaces, so the Payman interfaces and the DSS so other Health employees were attending there.

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Was this before or after change request 60?---My memory is  
it's after 60, so 60 had allowed for all these things to  
happen. 1

And the people who were - - -

COMMISSIONER: Mr Horton, can I ask a question?

MR HORTON: Yes. 10

COMMISSIONER: What do you mean the answers weren't what  
the IBM people wanted? I take it they didn't have some  
preconceived notion of what answer - - -?---No, sorry. No,  
I think what I meant was that in a response sense they  
didn't know what to do with the answers that they were  
being given, they didn't meet what their view of the  
financial integration should be. So there was a view that,  
for instance, how SAP integrates with itself is parallel  
with its own finance system is one view of the world, what  
we had was a different view altogether because we were 20  
dealing with - again, we were dealing with an SAP finance  
system but the interfaces were quite different. It was  
apparent that they hadn't really got into those interfaces  
in the past, you know. They didn't really understand what  
those interfaces did and the extra information that they  
provided. 30

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MR HORTON: And the people who attended from QHEST and so forth you've spoken of: were they people, to your knowledge, who had within their minds to be able to convey what it was that should underpin a business requirement? ---Yes. We had all the people there who understood those systems and Queensland Health's needs. Yes.

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Yes. How long did the workshops go for, to your knowledge? ---I didn't attend all of them. I only attended the first couple. They went over I guess it would have been - I don't know for sure. I think it would be more than four weeks, less than eight, something around there.

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I think the integration issue was dealt with again in change request 184. Is that your understanding?---I can't recall what's in 184.

I'll take you to a document later on to show you that. Can I take you to the heading Scope on that same page of 242 of the bundle, "Deficiencies in identifying business requirements has meant that there has been ongoing debate on project scope and deliverables"?---Yes.

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Is that something we see taking place in some of the change requests and assertions of missed requirements?---Yes. That's what would happen. By this time we were in the middle of UAT 3 and the whole argument about, you know, "This is a defect." "No, it's not. It's a requirement" - to change in scope started to come up.

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Yes. Over the page, Mr Price, at the dot point at the top of the page, "Queensland Health agree to descope a large number of items." Do you remember what those items were? ---The main one is that cost allocation I mentioned before, but there were at least two other financial ones and I can't recall exactly what they were.

Yes. Was concurrent employment another or was that dealt with separately?---I think that was dealt with separately.

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The next dot point: there were manual workarounds totalling I think 62 at that stage. Did you arrive at a view about this time that the workarounds may not be practicable to maintain?---Well, we were operating from the view that we didn't want to have any workarounds at all at that point, so to have 62 was way too many.

And then under the heading Design, the third dot point, "During the project IBM have failed to deliver documentation on an end-to-end solution design blueprint"? ---Yes.

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When was that document due to be delivered?---I don't know whether there was a date that it was ever scheduled to be delivered, but in a normal sense a document like this that

sets out the design would have been very early in the project, hopefully even before the thing started to build. That wasn't the case. The blueprint didn't arrive until, I believe, late 2009.

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Over the page again, Mr Price, 244. I want to ask you about the first two dot points. You mention a large number of defects which exist and which are outstanding as being unusually high?---Yes. Do you want me to comment on that?

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I really want to ask you about the second dot point here? ---Yes.

"A high number of severity 1 and 2 defects indicates testing by the vendor did not occur or was inadequate"? ---Yes.

Did you ever see the results of the system test which, as I understand it, was IBM's responsibility to undertake?---I don't recall ever seeing it as such, but there must have been a document that was provided to deal with these aspects of the testing and they would have been signed off as part of the deliverable process through CorpTech. So I may have seen it, but I don't recall it at the time. I guess what I recall was it was very hard to get much information about how system testing was going and that there was certainly no ongoing delivery of information around specific things that were happening.

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Just finally on that memo, Mr Price, I think the evidence establishes that it in fact wasn't at least put through formal channels above you?---Yes.

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Did you bring to anyone's knowledge independently of this memo the sorts of concerns which it raises at or about July 2009?---Did I raise these topics? Is that what you're saying?

You've put this memo up through Mr Shea, as I understand it - - - ?---Yes.

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- - - for formal attention, ultimately for the attention of the minister?---Yes, yes.

Did you in any other way seek to advance the same types of problems you're asserting in this memo?---Yes. I was raising these topics with both Adrian and Michael the whole time throughout the project. I used to meet with Adrian and Michael usually once a week, once a fortnight, individually, and so I had the opportunity there to tell them what was happening so they were fully aware of all these sorts of issues and also we raised these things at meetings - raised at directorate-level meetings and board meetings as well.

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Did you ever have an opportunity to raise these issues with the director-general Mr Reid directly?---The only time I met with him was in 2008 and that was on Christmas Eve 2008. At that point I recall there was a briefing note that I'd sent to Michael Kalimnios the night before about some of the issues that had to be raised. At that point in time it was a different set of circumstances we were raising, but the principal one I recall was to get him to understand the resourcing issues that were facing us and IBM's inability to provide the resources we believe were required. He was going to meet with IBM soon after and that was the message we wanted to get to him was to be able to talk to them at the senior level about our concerns. 1  
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Yes. What to your knowledge happened as a result of that, if anything?---Nothing to my memory of it.

Can I take you forward now to a document called End of Project Review, which I think you might have had some involvement in? It's in volume 15, Ms Associate, page 316. 20

Mr Price, this version seems to be a draft?---Yes.

You're mentioned on the next page as a person who was being distributed, whose function is to improve it and you're there in the signature block. Do you recall whether this document was ever put in a final form other than a draft? ---I don't actually recall this getting finalised.

Did you assist in this compilation?---Yes, I had input to it. Again, there was a group of people. I was more advising and commenting as it was developed. 30

Who was the principal technical person under you who assisted in this compilation?---This document focuses from a project management point of view and that's what it's about, looking for lessons learnt, ways to do things better next time and so it was run through the project management office, so Roger Peterson, who was in charge of the PMO, would have been the fundamental person dealing with this document. 40

Were there technical people assisting you in its preparation, to your knowledge?---Technical in what sense?

Well, understanding of the information technology design, build and implementation issues which might have arisen? ---Well, certainly they had access to everybody in the QHEST team that they wished to interview about it, but I think it notes that it is based on interviews, so that it's more of a project view than a technical one. 50

For whose benefit was the project prepared? Was there an individual or a manager to whom it was to be directed? ---Eventually the intention would have been for it to be delivered to the Queensland Health Corporate Services

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Project Board that dealt with all projects in corporate services from the point of view of saying, "Here's what we've done of our own review, what went wrong, what went right, what we should do better next time." That was the intention.

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Did it get there, to your knowledge?---I don't believe it ever did, no.

Do you know why?---No. I think the (indistinct) around about this time. I forget - what date is this.

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COMMISSIONER: May?---Yes, in May things were starting - for instance, the Queensland government audit were beginning their process about then. I have been - I believe this was given to the audit as part of the information we provided to them. They came to us and we provided all the documents we had and so this would have been one of the things that was provided to them, I believe.

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MR HORTON: Yes. Can I take you please to page 331 of the bundle, page 16 of the draft to the heading Solution Design two-thirds of the way down the page? You mention Workbrain as an award interpreter being an important - or key component of the solution design?---Yes.

And then you say it was claimed by IBM to significantly reduce the development effort required to configure the awards in the solution.

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COMMISSIONER: Where are you reading from?

MR HORTON: The last three paragraphs on page 331, Mr Commissioner.

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THE COMMISSIONER: Thank you.

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MR HORTON: But it's the last paragraph on - interesting in particular you say, "Despite the number of attempts, scalability of the solution was never fully demonstrated." Was it demonstrated in any way?---Yes, at the time, and I think we may have touched on this at the last session, there was a report written that highlighted the scalability issue by a CorpTech technical person and that was delivered up to the directorate to the board and we actually got it out here the other day and saw that - you know, Workbrain wasn't - - -

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Yes?---Yes. So that was the thing that flagged that there was a problem with scalability. Now, then I don't have a clear definition - a clear memory of how it finalized but I do recall that CorpTech and IBM jointly prepared a series of reports as they had Infor come in; that is, the people who ran Workbrain, came in and provided a series of views and things around that particular issue and clearly at a certain point in time, that was resolved to the extent that the criteria were met from the point of view of, you know, being signed off by the board.

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Yes. In terms of the post go live problems, was one of them to your knowledge a lack of Workbrain's ability to scale to the necessary extent?---Yes. I wasn't directly involved post go live with - I was pretty much out of the picture once go live actually occurred but certainly from what I recall at the time, that was certainly one of them problems.

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Were you involved enough though to be assisting in the preparation of the May post-project review?---Yes, well, that was an internal document based on QHEST.

Yes, yes. So you must have had some knowledge about what had happened after March 14?---Yes. We were there and we were hearing things that were happening. I guess what I'm referring to is the fact that on the go live day which was 10 March, the QHEST group itself responsibility was removed in the sense that the solution was now CorpTech's as the owner and they dealt directly with SSP.

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Yes?---And in fact the directorate met a couple of times and stopped it all together so at a management level I wasn't - I was out of the picture but there was - my teams were involved across the board doing all sorts of work so I was hearing things, yes.

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Let me take you, can I, in that same bundle, Mr Price, just to page 304, if you would, please? Now, this is part of a ministerial briefing note which begins on the preceding page, 303. The contact is Margaret Berenyi on it but I want to ask you from page 304 and 305 whether the issues

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which are there identified are ones which you had the knowledge of?---Which paragraph are you - under Issues?

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In particular 2 and 3 on page 305, Multiview Schedule Performance?---Mm'hm.

Relating to Workbrain, and then the integration between the two. Are you aware of - - -?---I have certainly heard both those problems, yes.

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Yes. Did you have any involvement with ascertaining what were the issues or eliciting from others what they considered to be the issues post go live?---No. I mean, again, I was informed it by my own people who were working in groups. I had no actual contact with that.

Who was the principle person who you think might have some technical understanding of these matters at the time? Mr Hood?---Yes. Certainly from a CorpTech point of view, Philip Hood and James Stewart were the people across this.

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Thank you. Now, I would just like to finish if I may, Mr Price, by asking you about some smaller shorter topics. The first one arises from paragraph 32 of your statement? ---Yes.

And it's really the second sentence. "I understood at the time that SAP, HR and Workbrain had not been implemented together anywhere in the world in the way that had been proposed by IBM"?---Yes.

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So first of all, how is it - what way to your understanding had been proposed by IBM in the terms of that?---My understanding was that IBM had proposed to use Workbrain as an award interpretation device. SAP could do that themselves but for some reason IBM proposed to do it with Workbrain and I believe the reason was that it could do it much quicker and that had been put forward through the original contract process. All of this happened well before I got there and it was agreed that that would become the design for the whole of government payroll which is the point I'm making here, I guess.

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Yes. Now, it was suggested by IBM in 2008, late 2008, that Disneyland offered a reference cite for the use which they were proposing to be later Workbrain. Is that correct? ---That's what I recall, yes.

Were you involved in some of those discussions with IBM about whether Disneyland was an appropriate reference cite?---They raised it a number of times at some meeting level, that would be worth talking to them and I didn't take part in the actual - there was a phone hook up at some point and people - more like Jane and Janette Jones would attend because it was at that sort of level.

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Yes. Do you remember what the outcome of those contacts were?---Essentially from memory they came back and they said that they were using it differently then what we were about to attempt to use it as.

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Presumably the award structure at Disneyland is rather more simple, is it, than Queensland Health or do you not have knowledge of that?---I don't have a view at all what that is.

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Can I show you a document about this and ask if you have got some knowledge of it. It's in volume 7 and Ms Associate, page 327?---Sorry, 327?

Yes, last third of the page, Mr Price, on 327. It's the executive steering committee minutes from 18 December 2008? ---Yes.

And if you just have a look, particularly what is in the shaded box decision at the very bottom. The part that I'm interested in is that it asserts that Disney doesn't seem to use the award interpret function of Workbrain. My question is, is that your understanding of how that issue was resolved?---Yes, that was the feedback that I received from people that did speak to them; yes.

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Now, in your mind is Disney - if you assume for a moment that is true, is Disney an appropriate reference sight for Workbrain?---It was the one provided by IBM at the time, the only one that they could provide.

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It wouldn't be referable in any relevant sense, would it? ---No, no. When they first proposed it we talked to them, it wasn't clear - this is my understanding of it - not actually being in the discussions but it wasn't clear until they actually spoke to them that the award interpretation was handled completely differently.

Still on Workbrain but on its testing for a moment.

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THE COMMISSIONER: (indistinct).

MR HORTON: I'm sorry. Still on Workbrain but on the issue of testing for a moment, you will recall that in change request 129 and some following that there were two enclosures which required IBM to meet a condition precedent; one was for the awards interpretation function of Workbrain and the other was for payroll performance testing. Are you generally familiar with those?---I'm not familiar with the change request numbers that you provided there but I recall the precedence, the no go gates, yes.

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Yes. I only need to ask you generally about this, but are you aware of ever telling Mr Hickey, who was from IBM, that the system had passed the Workbrain award interpretation and payroll performance testing sufficiently well for QHEST

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to recommend that the project continue?---My memory of these things was that it went on for quite a long time and that the gates were shifted - weeks - you know, the deadline for the passing of the gate shifted a number of times and at the very end of that period, my understanding was that they had achieved the Workbrain gate, whatever that might have been, and that the performance time, there were two aspects to it, one was the time to be run on Sunday and the time to either be run Monday and they achieved one of those and within a couple of hours of achieving the other one.

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Yes?---So it was very, very close.

Yes. So do recall saying to Mr Hickey that on the test that you have just mentioned - - -?---I don't recall saying it but I believe at the time I was one of the people that thought, "Well, they are very, very close here. We have put so much effort into it. Is it worth seeing if they can achieve that last couple of hours?"

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But timing to complete the pay run seems to have been a problem after go live as well, is that your understanding? ---The go live dates from 2008: by the time we got to 2009 there would be a whole series of other works to make that timing much better. My understanding is the first couple of pays that wasn't an issue at all.

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Yes, well - - -?---From the pay - running the pay aspect in the system.

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Yes, but why do you focus on the first few pays, what about the next few pays?---Well, then all sorts of other things happened. We're talking about the Workbrain part. Two things, as I said before, I wasn't involved in it so I didn't have a clear view of what was happening, but the actual processing window, which was, you know, we needed - I think it might have been 12 hours or whatever it was on a Sunday and a certain number of hours on a Monday. My memory of it was that those things weren't the issue, what people were talking about in terms of time was a collection of data from people, I believe.

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But instead of going to the trouble to impose a testing to impose a testing regime which IBM had to meet under change request, just assume for a moment that happened. How is it that IBM could not meet a test regime, or at least part of it, but be excused from complying with it? Presumably someone sent the test regime for good reason?---This is the 2008 one you're talking about?

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The regime by which that we've just been speaking about. No, the regime under change request, the condition precedent, "IBM is to conduct payroll performance testing." It's the one you said wasn't met about a couple of hours? ---Yes, that's the 2008 one.

How is it that IBM's permitted to continue not having met the test criteria?---As I said, at the time there was a lot of discussion about how close they were and what would happen if we said, "Okay, you haven't met it. What's going to happen then?" We didn't really know what would happen then. There was a view that they were so close to it that they would achieve it in the next few weeks.

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And did they?---My understanding at the time as they did, yeah, but I can't recall specifically.

It seems, Mr Price, with respect, to be a constant theme of this project that every time a criteria is imposed ahead of time to be met before progressing to the next gate or the next stage it's watered down or compliance with it is excused in some respect. I mean that by reference to UAT, for example, I've taken you to those?---Yes.

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Severity of defects?---Yes.

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And now it seems with respect to the Workbrain testing as well?---There's undoubtedly a compromised situation occurring as pressure mounted around schedules, costs, the ever-present threat of LATTICE collapsing, and particularly, from my own point of view, having put forward on two separate occasions what should happen. So in 2008 we told the director-general that we needed to get out of this, we needed to remove ourselves from the IBM contract and our relationship with CorpTech. That was effectively ignored. We did it again in 2009; again that was ignored. So our options have been cut off, we're virtually told to make the best we can of this thing and so that put us in a situation where compromise was the only way to go to be able to keep on going and avoid the LATTICE risk, and I think that's true of most of 2009.

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You said "been told", and I know you were speaking only in a general sense, but who are you really referring to when you say - - -?---I guess I'm referring to the fact that no response - when I asked for a thing to happen and a recommendation, when the three senior members of the corporate services asked the DG to do something and there's no response you've got to take that as a negative. When the 2009 document, which I understand may not have been brought forward, but certainly in my view it was verbally put forward - again there was no response about all those issues raised in 2009. That to me - the view is, "Just stick with what you've got, make the best you can of what you've got," and I guess that's what we did.

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Thank you, Mr Price. That's the evidence of Mr Price.

COMMISSIONER: Mr Kent?

MR KENT: Thank you, Commissioner.

Mr Price, can I ask you do you have your statement there?  
---Yes.

Can ask you to have a look for a moment at paragraphs 74 and 75, which are on page 16? I'll allow you to refresh your memory, but these deal with the topic of reclassifying severity 2 defects, some of which were apparently reclassified to severity 3. Correct?---It went both ways, depending on what time you're referring to.

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The last two sentences of 74, you say, "To the best of my recollection the IBM position was that a severity 2 defect was a pay-only defect. The Queensland Health position was that a severity 2 defect also included others, such as certain defects affecting the ledger." Correct?---Correct.

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When you say this dispute arose, was it something that involved the members of the directorate?---These disputes arose at a much lower level originally, so when the defect

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was first discovered by the tester the process would be to raise that through the senior testing person who would then have a - there would be a meeting, a daily meeting, which members of IBM CorpTech, QHEST and SSP would attend and there would be a decision made, "This is a whatever." Obviously those positions could be looked at later when there's further information. That was at the point where if they couldn't sort it out, then it would come to the directorate and so on.

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At that lower level would that involve people such as Janette Jones?---Yes.

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But she also had a position on the directorate herself? ---Yes.

Correct?---Yes.

To your knowledge she put a lot of effort into this whole process?---Yes.

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When you say at the end of paragraph 74 the Queensland Health position, do you know who you're speaking on behalf of there?---What that's referring to, and I understand this now having looked at further documents since the statement was made, what that refers to is the guidelines for defect definition that detached the UAT entry criteria. I believe we looked at that on last Wednesday as well. In that document it sets out 25 different things that form a sev 2, and the last sort of 10 of those refer to financial things. The final product of all these discussions, disputes, was that finance things were included.

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You go on to say, "While some defects change from severity 2 to 3 based on new agreed definitions", that didn't mean it was ignored before go live. Correct?---Yes.

To your knowledge, people such as Janette Jones and her staff put a lot of effort into having strategies to deal with all of these problems?---Yeah, every one of these defects had to have a workaround.

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And did?---And did, yeah.

All right. And then, as you say, at the end of paragraph 75, that process ended up in a defect management plan?---Yes.

That was part of the material considered by the project directorate and the project board, eventually, leading up to the decision to go live?---Yes, the defect management plan formed part of that decision.

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And were you on the project board?---No, I attended project board meetings.

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As a de facto?---As an advisor to Health people.

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Okay. All right. Thank you. Can I take you, please, to paragraph 95 of your statement, which is on page 23, 95 and 96 in there? You say there in the lead-up to go live you're aware of LATTICE having all sorts of difficulties, and you give an example of going down and not coming up for 12 hours. Presumably that would be a major problem for people trying to get the payroll out?---Yes, a huge problem.

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From your understanding, and particularly not only of your own views, but those of others in Queensland Health, was the ongoing viability of LATTICE a major issue?---It was the driving issue. I mean, the ongoing existence of LATTICE was the reason that the project existed. The QHIC project was a risk innovation strategy against that very risk and - - - 1

Was there a broadly held view that you were aware of that LATTICE could potentially catastrophically fail?---Yes; and that's what I'm referring to here. A number of times I recall these sorts of things happening, particularly in the last six months or so, so people like Janette Jones and Philip Hood would be telling us about these things that were happening. 10

Yes. That's what you developed in paragraph 96, the line that says, "The risk that 70,000 people have got to be paid," you're referring there to potentially not being paid at all for a particular pay run?---That's right. Yes. 20

Can I ask you about on the next page paragraph 100 - and what you're describing there is the fact that the go live decision was, as you put it, not made at a single point in time, but a structured position process and then you say, "At a point of time where the final decision was made, the vast majority of criteria had been ticked off," and despite any concerns or misgivings you reached a point where, "we could not say no any more." Can I pause there and ask you what you're really referring to by saying "we". Does that include the project board of which you were not a member, but an attendee?---Yes. That's my belief that they, together with the directorate, had the same view around the LATTICE risk and the situation we were in. Yes. 30

Did you attend the project board meetings?---Yes.

You go on to explain you didn't have a basis on which you could say no to going live by reference to the criteria that was there of not being met or if it hadn't been met, the risk had been relevantly mitigated. Correct?---Yes. 40

Does the criteria being met refer to defects being addressed and cured?---No. What that's referring to is that in the cutover plan there was a serious of dates and they were presented to the board as, you know, five or six pages of listed items such as, you know, "Such and such testing has been completed. Training has been completed." All those things had to be - the idea of a perfect world, they would all be green, you know green meaning go, for them to proceed and that's what that's referring to there. 50

And then there were some that were amber. Correct?---There was an amber one. Yes.

Were they problems that had defects, but also had workarounds?---No. The main one that I recall is - there was an issue with speed in terms of logging on and so on and that was due to the virus system that Queensland Health had in place at the time and the board then took the view that that was an acceptable risk to take that virus protector out of the go live, which they did.

1

You go on to refer to, "If criteria hadn't been met, the associated risk was mitigated." What do you mean by that? ---Well, as per - as I said above with the amber one, with the virus.

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All right. In relation to the post go live problems, did you remain in this position very long after go live?---In the position of director of QHEST?

Yes?---Yes, I was the director of QHEST until June 28.

The problems that presented themselves, if I can put it that way, post go live - is it correct to say that they were worse in the first pay period?---No. My view of it, and again I have to stress as the director of QHEST, my sort of role dropped away from that very go live decision because all responsibility for managing defects and everything else fell to CorpTech and SSP. So my role, in a sense, dropped right back. I had my staff working in teams and I'd hear things, but I didn't have a direct view of what was happening.

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All right?---But certainly the first pay wasn't - from my recollection of it, the first pay wasn't that bad.

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Can I just ask you this before going on, Janette Jones, the chief payroll officer, was not a direct report to you? ---No.

So when you say the first pay wasn't that bad, is it fair to say that after that the second and third pays improved? ---Improved in what sense?

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Well, there were less problems arising over the period of the first three pays?---No, no. I believe over a period of time - and I can't recall exactly when that occurred - other issues, problems, started to develop. A lot of those issues and problems weren't system related either.

Indeed related, as you understood it, to historical claims, some of which should have arisen under the old system before the go live?---I understand there was the ability for people, notably VMO's for instance, to put in pay sheets up to years later and they were able to do that. Yes. So that would cause problems and things like that would occur.

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Was this the kind of thing that became snowballing after a time?---Yes. That wasn't the only thing, though. Again, this is from memory and not being directly involved, but there were other issues around - basically, the ability of the people to be able to tell the payroll system what variations, that is, "I worked overtime. I had the day off." Those variations had to be processed in that one window we had to allow them to be paid for the immediate two weeks, which is the other big issue, of course, that Queensland Health has, trying to pay everybody for the two weeks just past. 1  
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Matters in payroll is a relentless theme in the sense that every two weeks there has to be a payroll?---Yes. And they ran pays as well during the week, ad hoc pays were run, presumably to try and catch up and provide people with extra payments.

Yes. Nothing further, thank you, commissioner.

COMMISSIONER: Mr Traves? 20

MR TRAVES: Thank you.

Mr Price, you and the two gentlemen whom I represent, Mr Shea and Mr Kalimnios, were the three who either had their employment contracts terminated, in the case of Mr Shea and Mr Kalimnios, and in your case you were shifted sideways to a position which didn't involve the payroll? ---Correct. 30

And that occurred in respect of each of you at or about 28 June 2010 at the time of the release of the auditor-general's report?---Yes.

In each case you received your notice from Mr Reid, the director-general?---I certainly did. I'm not sure who Michael and Adrian got.

You were shown a document in bundle 15 at page - - - ? ---The volume, sorry? 40

Sorry. Volume 15 at page 316 which is a draft QHIC end of project review?---Yes.

And I want to direct your attention to page 324 where you make some observations about governance?---Which part of 324?

Can I direct your attention in particular to paragraphs 1, 2, 3, 7 and 8?---Yes. 50

You mentioned in your evidence when you were asked questions about two briefs for noting, one dated 29 July, I think, 2008 and another one in 2009 mid-year?---Yes.

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Both of which, as you've put it, carried the imprimatur of the three senior public servants in corporate services Queensland Health?---Yes. 1

Both of which, one way or another, in the first case by the document being show to the director-general and in the second case by a verbal relation, as you understand it of the contents, went to the director-general?---Yes.

Many of the points made in those two documents were the same points as you've identified here in the report as being problems and serious problems with governance?---Yes. 10

As far as you're aware, nothing was done about that?  
---Correct.

COMMISSIONER: Mr Ambrose?

MR AMBROSE: No questions. 20

COMMISSIONER: Mr Doyle? Perfect timing.

MR DOYLE: I was waiting outside. Thank you. Sorry, commissioner.

Mr Price, perhaps this has already been covered in my absence, but you were a director of QHEST from June 08 to June 10, 2010?---April 08 to June.

I was going to say you in fact started acting in that role a bit earlier?---Yes. 30

So you were in that role from really - essentially for the whole of the time from April to the end of post go live?---It was mid-April, April 2010 go live.

You tell us that QHEST's role was - or one of its roles - to undertake and coordinate Queensland Health's activities so far as it could in relation to the implementation of the interim solution?---Yes. 40

That you saw as one, at least, of your principal functions?  
---Yes.

In that time you know that a variety of change requests were proposed and agreed to?---Mm'hm.

Did you have any role in reviewing them and approving them?  
---No. 50

That was done by someone else?---All change requests were actually signed off and handled by CorpTech.

Prior to that happening though were you consulted about them?---You mean before the thing was developed?

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No. Someone would make a suggestion there should be a change request and ultimately someone would approve?---Yes. 1

Between those two events was the process one by which you would be consulted about the merits of it?---On some aspects of some change requests, yes, there was discussion. Yes.

Where it was something that affected Queensland Health it's likely that the process would include you being consulted about those things. We'll come to the details if we need to?---Yes. That would be the idea, yes, but it didn't happen all the time. Yes. 10

Sure. There were a number of things called statements of work, some of which themselves were the subject of change requests and they had requirements for deliverables to be prepared and submitted - deliverables to be prepared? ---Deliverables. Certainly, I'm aware of all those things, but I had no part in it because it was all through CorpTech. 20

Thank you. That's what I was going to ask you. It wasn't part of your function - - - ?---No.

- - - to receive them?---No.

To consider them and to approve or not approve them?---No.

That was done by someone else?---Mm'hm. 30

You know that there was intended to be a variety of testing of the system undertaken?---Yes.

Something called Systems Unit and Systems Integration Testing?---Yes.

You know that was to be undertaken by IBM?---Yes.

I take it you had no direct involvement in reviewing whatever came out of those testings?---None. 40

As far as you can recall, you never saw a document which contained the results of the tests?---I don't recall it. I assume that they existed and I may have seen them, but I don't recall them as such.

Let me put it differently. Was it part of your function to receive those things and approve them in any way that you can recall?---Not in a contractual sign off sense, no. I mean, from time to time there might be things where I would be required to endorse before it was passed on. 50

Right. Thank you. Just excuse me. Do you recall if you received the final systems test report?---Final?

That is a report which would be the final systems unit or systems integration report?---I don't recall. I may have though. 1

All right. I'll just show you this document please. Tell me if you've seen that before?---I've certainly seen these sheets, yes - sheets like this.

This one though is work product acceptance sheet. It relates to at least a test completion report of some kind? ---Yes. 10

It excludes UAT completion report and SNV completion report, but otherwise it accepts it. Do you see that? ---Yes.

I know it's not signed by you. It's signed by Pierre Pinot?---Yes.

Who was that person?---So Pierre Pinot was one of our SAP consultants working within QHEST. 20

Would he be the person who would have the technical capacity to understand and approve the test results?---Yes.

All right, thank you. Can you help me please. UAT is user acceptance testing?---Yes.

And SNV?---Volume - - - 30

Stress and volume?---Stress and volume.

COMMISSIONER: Stress and volume.

MR DOYLE: Okay. Do you recall receiving a document - this document I'm really asking you - which approves some test results excluding those two things UAT and stress and volume?---Certainly at the time that this is signed off in December 09 there was a new procedure in place where these sorts of documents finally were coming to the directorate for viewing before they were progressed, so there was a whole series of these product acceptance sheets and associated documents distributed to the directorate members. 40

So you may have seen this one?---Yes.

But you can't recall it specifically?---I can't recall it specifically. 50

I'll just show you this as well and see if that helps. You'll see this is project completion report and then it says, "A-G test phase completion report 3.15," and I'll just remind you that the work product acceptance sheet that I gave you identifies the work product name as being that. Okay? Do you recall if you saw this document before?---I

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don't recall it specifically, no, but as I said a lot of these documents came to the directorate towards that time in late November, December 2009. 1

So it's - - - ?---It's possible that I saw it, but I can't recall it.

You can't recall that? All right, thank you. I'm just going to shoot to four, if I could, I'll come back to this later on. You'll see about halfway down the page it says, "The following work products represent testing phases that are not the responsibility of IBM"---Sorry, which page are you on? 10

Four?---Four?

COMMISSIONER: The last page?---The last page? Yes?

MR DOYLE: You see that the two tests that are referred to are the UAT testing and the stress and volume?---Yes. 20

Does that refresh your memory that you saw a document which said those things, "Are not IBM's responsibility"---I understand what it's saying there - is my understanding, that's correct. I don't recall it in relation to the document.

So it's your recollection that UAT and stress and volume testing was to be done by someone other than IBM, whether it came from this document or something else, that was your understanding?---Certainly the UAT was Queensland Health and CorpTech had a role in the other stress and volume testing, but I'm not sure. I couldn't say whether that was a CorpTech only - - - 30

Very good. I propose to tender that or ask that those two documents be tendered.

COMMISSIONER: Mr Horton?

MR HORTON: We've seen them beforehand. No opposition. 40

COMMISSIONER: The work product acceptance sheet of 17 December 2009 and the project completion report of 21 September 09 together will together be exhibit 86.

ADMITTED AND MARKED: "EXHIBIT 86"

MR DOYLE: The last date on that project completion report is 16 December 09. 50

COMMISSIONER: Where is that, Mr Doyle?

MR DOYLE: Page 4. In the table of various things.



COMMISSIONER: All right. That date of 16 December 09.  
Thank you.

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MR DOYLE: You told us last week and you've told us this morning that another test that was undertaken was a Workbrain scalability test of some kinds?---I understood that was happening.

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Right. Do you recall when you understood that was happening?---It was the latter half of 2009 I recall it first coming to my attention because of the issues that it raised.

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Were you familiar with some kind of Workbrain scalability testing being conducted in 2008?---I had heard that it was done as part of the procurement exercise. I wasn't involved or anything at that time, but I recall people saying that sort of scalability that was going earlier on, yeah.

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Can I just see if we can test that? Do you know the contract had some process for the conduct of some testing of scalability of Workbrain?---I'm not really aware of the contract or what it contains, I only remember what people told me later on.

There was to be some testing which was conducted in May 2008. Does that ring any bells?---I only arrived in April.

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But as best you can recall it, you know what someone told you that had been done, you knew that it was then done?---I knew that it was meant to be done at some point, yes.

Did you inquire as to its output, the outcome of that testing?---No, because at that point in time particularly Workbrain wasn't really falling under Queensland Health's view, I mean that was being done for the whole of government, as I understood it.

30

You'd expect if there was a problem with the results of that testing it would have come to your attention?---You hope that I would have been informed, yes.

Thank you. But you became aware of some more testing of scalability Workbrain in the latter half - towards the end of 2009, is that how we should understand it?---I believe it was somewhere in that period, yeah.

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Would you go, please, to volume 13, and if you turn, please, to page 241, sorry. This is a certificate that you were taken to last Friday, I think?---Yes.

Which you can recall?---Yes.

It's your recollection that after this there was some more testing done?---Yes.

And that whatever the outcome was it was positive, is that a correct way of putting it? I'll put it differently. You see this relates to Workbrain release 0.192, and you'll see that at the bottom of that document?---On page 241?

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Page 241. It says, "Once these two defects in release 0.192 are resolved" - - -?---Okay, resolved, yes.

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Are resolved?---Yes.

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So this document relates to that?---Yes.

You know, don't you, there was a subsequent release in which those defects were resolved?---What I recall is there was at least two documents presented at a board level by IBM, a joint signoff by IBM/CorpTech saying - addressing these issues, and that brought in (indistinct) and so on.

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So you're consistent with what I'm really putting to you, there was a subsequent release, it was brought to the attention of the board that it had been tested and was acceptable?---I don't recall whether this document itself was rereleased or not, but certainly there was reports provided to the board around that.

Would you turn to volume 14, please, page 84.

COMMISSIONER: I'm sorry, I missed the page.

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MR DOYLE: 84. You should have there a project directorate meeting minute, 2 February 2010?---Yes.

Look at about point 7 of the page, point 8 of the page? ---Sorry, still on 84 or - - -

In the left-hand column there's S and V testing?---Yes.

There's two passages with - - -?---Okay.

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- - - text beside that. Can you help me, please, is that what you have in mind as it being brought to the board's attention that the problems that have been identified had been resolved?---This isn't what I was referring to.

Right?---There's two other documents that are separate stand alone documents that address this issue.

All right. So that's not what you're referring to?---No.

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You can recall it coming to the directorate's attention that whatever had been the difficulty with the withheld certificate document had been overcome, at least as far as CorpTech and IBM were saying?---Yeah, that was presented at board level, I recall.

All right, thank you. We will probably come to some details later on, but you're aware that there was UAT testing undertaken?---UAT testing?

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Yes?---Yes.

In several phases, each of which identified various things described as "defects"?---Yes.

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There were issues about - that is, there was disagreement as to whether things identified were all defects, or some were out of scope?---Yes.

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Yes? When that arose, did you, yourself, seek to check who was right about that? Did you look at the scope documents and form your own view about those things?---No, I was really informed by the people who were dealing with that detail.

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But you were aware that the things identified as defects were being identified as defects in the testing. There was a debate about whether that was a fair characterisation of at least some of them?---Yes.

So that I understand, you did not, yourself, go back to scope documents to verify who was right or wrong?---No, we'd rely on the - we were dealing with that on a daily basis.

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Okay.

COMMISSIONER: Were there scope documents that could have resolved those disagreement?---I don't believe there was.

MR DOYLE: We'll come to that. Ultimately the system exited UAT testing while there were still some defects (indistinct) even if some were the subject of dispute? ---Yeah, the defect management plan dealt with defects that were no longer in dispute, I think.

30

Okay, well, that's really what I wanted to come to. It was really determined by you and others that the system could proceed to go live with those identified defects in place but with the defect management plan to deal with them? ---That's what the board had signed off on, yeah.

Did you participate in that view?---The directorate participated and agreed. Yes, I was part of the directorate.

40

Very good. You know, don't you, that prior to the actual go live there was some simulated pay runs?---Yes.

Are you familiar with the outcome of those?---We would have been informed at the time of how they were going and so on.

Can you recall if you were aware of the outcome of the simulations?---Do I recall now?

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Yes?---I don't recall the actual outcomes, no.

Can you help us, please, would you, at the time, have known even if you can't now recall?---Yes, as I said, I would have been informed of the outcome at the time, in fact all the directorate and the board were.

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Very good. I just want to deal with really the question I've just asked you, I want to explore with you your understanding of what was the scope of the LATTICE replacement project. Do you have your statement with you?  
---Yes.

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If you go first to paragraph 15(d), you describe it there as being a compressed implementation of the whole of government human resources solution of SAP HR and Workbrain?---Yes.

10

Was that your understanding shortly after you commenced in April 2008?---Yes.

If you'd turn, please, to paragraph 32, just the first sentence, you describe it as being effectively a pilot project for the whole of government ERP program?---Yes.

"ERP" stands for - - -?---Enterprise Resource Program.

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Right. If we were to confine it to the HR component, is that a fair understanding of your understanding shortly after you commenced in April 2008?---The QHIC project was applied for whole of government HR?

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Yes?---Yes.

(indistinct) component of the ERP program?---Yes, effectively that's what it appeared to be.

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Okay?---Yes.

This morning you said in response to a question I think Mr Horton asked you, there was a reference you might recall to the document where there were 60 workarounds and you said - I think it's right to say you didn't want any workarounds, that you were expecting some that wouldn't have any workarounds?---Yes, yes.

And that's because your expectation was, was it, that what the project was to deliver was a fully-automated HR system which was fully integrated with the existing finance system?---Yes.

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All right. Without any manual workarounds or other workarounds?---Yes.

Thank you. That too was your view really from April 08 throughout - - -?---Yes.

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Can you point to the document, please, that you rely upon for that view in April 2008? Can you tell me what it is? ---That's - how do you mean, sorry? Which document?

The document, if there is one, from which you draw the conclusion - - -?---I see.

- - - that the program was to be what we have just been through?---What, that the project wouldn't have defects at the end?

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No.

THE COMMISSIONER: Workarounds.

MR DOYLE: It would be a pilot program - - -?---Okay.

- - - a compressed implementation of the whole of government human resources solution and so on, and there would be no workarounds?---Okay. In terms of the compressed bit, what I'm referring to is that there's components of functionality that were never meant to be included so they had a thing called ESS MSS, Employee Self-Service, Management Self Service, Manager Self-Service

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and this was meant for the whole of government so very early on that was taken out of the scope, as I understand - again, I wasn't there.

1

Sorry - - -?---That's what compressed was, yes.

Forgive me. I've asked you if you can to tell me if you can recall - - -?---Yes.

- - - a document that we can look at to satisfy ourselves that your view is a reasonable one?---No, I wasn't involved with those documents at that time.

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All right. Well, I will try differently?---Yes.

Can you tell me please what you can recall looking at in April 2008 which you formed your view?---Well, as I said here, it was based on documents that I received from other people, memorandums, the one that I mentioned on the earlier page and obviously discussions that I had with key people at the time as I moved into the role. I referred to one of those documents in the statement, I believe.

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All right. Just show me where?---On 14.

Paragraph 14?---Paragraph 14, yes. I refer to an email from Paul Monahan who was the director of SSP at that time, a document which is attached through the emails. It sets out some of these things.

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Okay. Did you have a look at statement of work 7?---No, I don't believe I ever saw statement of work 7.

Or statement of work 8, as it was in April 2008?---I believe I looked at it at the time, 8.

I will show you that in a moment. Do you recall a document identified as the QHIC Scope Definition document?---Not particularly, no.

40

No?---I can't recall it.

All right. I will get you shown statement of work 8. It's in volume 4 at page 15, please?---Yes.

Now, does that look familiar to you, something that you saw back in April?---Yes. I'm sure it's something that I would have had access to, to have a look at.

Would you turn, please, to page 17 in the book, please? There is a heading LATTICE Replacement Scope?---Yes.

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That would have been something particularly interesting to you to identify what it is that has been provided, I take it?---Mm'hm.

Just read yourself the third paragraph of that?---Yes. 1

So you will see that there is a reference to the QHIC Project Scope Definition version 0.12?---Yes.

So that if you read that, you would have realized that such a document existed?---Mm'hm.

Did you look at it?---I don't recall. I may have. 10

You recall you didn't, don't you?---Correct.

You were asked about this on Friday. You recall that you didn't look at it?---No, I don't recall - I mean, if we were talking about statement of work 7, I don't recall ever looking at that but certainly this document 8 I would have looked at.

Right?---And the project scope - again, I probably looked at. I can't recall. 20

All right. Have you looked at it recently?---No.

So you can't help us, please, with what it says about what is and what is not within scope of the job to be performed by IBM?---No.

So when we read your statement, we shouldn't view it as reflecting an understanding which you have refreshed your memory about by looking at the scope document in April 2008? I put that very badly; I will start again. You didn't, prior to saying your statement, look at the QHIC scope document to refresh your memory as to the comments? ---No. 30

Thank you. Would you turn to page 63 of that volume, thank you? Can you recall seeing that document before, Mr Price?---I've seen documents like this but this specific one, I'm not sure. I may have. 40

Right. Not recently though. Is that as what we should understand?---Certainly not recently, no.

Okay, thank you. Excuse me. Will you turn to page 75? You have a heading in paragraph 2.5 of Accountables? ---Sorry, are we still in volume - - -

We are still in the same volume, same document.

THE COMMISSIONER: Same document?---70 - - - 50

MR DOYLE: Page 75 down at the bottom right-hand corner? ---Yes.

You have a heading Accountables.



THE COMMISSIONER: Accountabilities.

1

MR DOYLE: Accountabilities. Sorry, I have to start wearing my glasses. Accountabilities?---Mm'hm.

And just sort of read what appears on that page and tell me if you can recall that there was a document which identified who was accountable for various tasks?---So the question is do I recall a document - - -

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I know you haven't looked at this recently - - -?---Yes.

- - - but can you now help us, please, that in April 2008 you were aware of some document which dealt with accountabilities; that is, the division of accountability between IBM and someone else, for various tasks?---Mm.

You can recall that there was some - - -?---I would certainly assume that there was such a thing.

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Right. I note that you assume that, but in fact we can look at it and see if it was?---Yes.

I'm asking you can you recall that that was an assumption that you made back on 2008?---Yes. I mean, I can't recall going in to these in detail and obviously some of these documents I would have looked at but not all and I would have then assumed that all the underlying things that you're describing would exist.

30

Right. But you can't recall in fact looking at a section, this section, which deals with accountability?---Four years ago, not specifically, no.

No. Or even five years?---Or five, whatever it was. I can't recall.

Okay. Turn to the next page. You will see the heading Scope Development and Documentation?---Yes.

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And you will see that the sub-activity is broken up into various things and one of them is described as agency requirements and that would be Queensland Health's requirements if we're talking here about LATTICE replacement?---Yes.

And you will see that the accountabilities are described as IBM to advise but Queensland Health through the QHEST project manager to be accountable for that activity? ---Mm'hm.

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Help me, please: who was the QHEST project manager?---That was a role that was fulfilled by a number of people. The main ones would have been - at this time a guy called Ron Fawcett, a later time, Amanda Doughty and then - - -

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Did any of them report to you?---Yes. 1

Did all of them report to you?---Yes.

So that the fulfilment of this function is something that was performed by someone who was really reporting to you? ---Yes.

All right. If you look at the next entry Business Process, it's got really a joint lead, it seems to be, between IBM and QHEST?---QHEST, yes. 10

Again, whoever fulfilled that particular activity for QHEST would be - - - ?---Yes.

- - - someone who reported to you. Is that as you understand it?---The process lead would report to the project manager.

Who would have in turn reported to you?---Yes. 20

So ultimately these people are all - - - ?---Yes.

- - - responsible to you for the performance of their function. Thank you. Turn back if you would just in this document to page 73 under the heading Scope Development Principles you'll see there's a subheading Minimum Scope. It says, "The principles employed to ensure that this occurs are" - and then can you read that minimum scope to yourself?---Yes. 30

Is that consistent with your understanding that I took you to a moment ago as to the nature of the activity to be performed in the LATTICE replacement project?---Certainly that's consistent with the limited minimal approach. Yes.

It's plain here, isn't it, that's what's being provided is a principle which is to be applied - is to provide the minimum possible functionality that allows Queensland Health to continue HR payroll and rostering operations? ---Yes. As long as that functionality allows them to continue the operations. Yes. 40

That is the benchmark was set as the minimum functionality - - - ?---Yes.

- - - not in fact everything that you would require as part of the roll-out of the whole of government?---Correct.

Thank you. Can I suggest to you equally not something that would require there to be no workarounds?---I would take that from a different point of view altogether. The no workarounds comes from - not from the documentation as such, but just a view of how the projects should finish. 50

That's your view - - - ?---Yes.

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- - - as to how the project should finish, not something that you can point to a document and - - - ?---No. No, I was just simply saying in the best practice world, we would have no workarounds as such.

1

Okay. We should understand - that's a view you formed back in April 2008, but in the best practice world there should be no workarounds?---Yes.

But you can't point to a document to show that's what you've got it from?---Yes.

10

There's no trick in this, Mr Price, that view of yours has informed your approach to how you've treated IBM and how you've reported about IBM's behaviour thereafter?---That's contributed to it.

Thank you. There's also something you've identified as a BAD document?---Yes.

20

B-A-D?---Yes, business attribute document.

What's the function of that document please?---That was a document that was being worked on when I arrived. As I recall, it was a requirements based document. Exactly how it fitted into the hierarchy of documents, I can't recall.

What function was it intended to fulfil?---It documented, I believe, for instance, how a particular type of employee - how their wage award was to be interpreted and later built into the system.

30

Was it intended to identify the business requirements of Queensland Health which had to be taken account of in the performance of the design or build of the replacement system?---For the payroll aspects, yes.

Yes. That is for the system which was to deal with the replacement of the LATTICE payroll system it would be necessary to produce a BAD which would identify what Health's requirements were?---Yes. My understanding of that BAD was it was payroll requirements only.

40

Thank you. Can I show you some documents please. I've given you really a very short cover note summary, if you like, of a document dated 31 March 2008 which is on QHEST letterhead or sheet?---Yes.

The first item is business attributes document version 3? ---Yes.

50

The second one I've - that one is 31 March. I've given you a second one dated 28 April 2008.

COMMISSIONER: What's BRG?---Business review group. It was the committee that met before the project steering committee was formed. It performed that function. It took decisions on behalf of the project at that time.

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MR DOYLE: If I've got the timing right, one of these might have been in existence just before you started in the job and the other one came sometime after you started in the job, but they would have both come to your attention? ---These documents themselves?

10

Correct?---They may have. I can't recall the actual documents. Certainly, I mean, this supports what I'm saying that the business attributes document was being worked on when I got there, yes.

I want to draw your attention to the first sentence really. The 2.8 BAD: tell me what that's a reference to, the 2.8? ---That's a version of the business attributes document. Yes.

20

Is a deliverable to be provided by Queensland Health to IBM for input into the HR solution standard offering?---Mm'hm.

So that's certainly your understanding that it was something that was a deliverable by Queensland Health to be given to IBM for input into the LATTICE replacement payroll system?---I mean, that's basically what it says, but my understanding was it was a joint thing where IBM was working together with Health on that document.

30

When you got these documents did you contact the author and say, "Look, that's wrong. You've got it all wrong. It's not a deliverable by Queensland - - -"?---No, I don't recall getting these documents.

You don't?---No.

All right, thank you. Before I tender those, or at least ask for them to be tendered, I'll show you a couple more.

40

COMMISSIONER: What's the point about the 28 April one?

MR DOYLE: Just that it comes after he started work.

You know it continued to be worked on for quite some time, don't you?---The BAD? Yes.

The BAD?---Yes.

50

I'll show you this one please. You'll see there on the first page a series of emails which, if you read them, relate to a BAD version 5 or 5.01?---Yes.

Then if you turn the page we see something which looks to be your signature as approving it on 16 May 2008?---Yes.

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It is your signature?---The first one on the page? Yes. 1

Yes?---That's right.

If we turn over the page we'll see a summary of the BAD version 5.01?---Yes.

If we turn the page further we'll see icons to represent a whole series of other documents which set out the business attributes which are the subject of that document?---Yes. 10

You can recall, can't you, reviewing such a document in the middle of May 2008 and approving it?---Yes.

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Okay, thank you. Work continued, didn't it, on the amendment of that BAD document by Queensland Health?---I know it went on for quite a while. I can't recall how long that went for.

1

I'll show you this document, please. This is a business attributes document, version 6. Do you see that?---Yes.

Again, with the icon showing all of the various attachments?---Yes.

10

Can you help us, please, what kind of things would go into those attachments? It says, "Enterprise structure, administration structure," and so on. These are all business details for Queensland Health. Is that how we should understand it?---Yeah, information that needs to be provided into the system to allow it to function in relation to Health.

If you look at the second last paragraph on that first page, "It is recommended that Queensland Health approves BAD version 6 changes to reset the baseline for the configuration requirements for Queensland Health"?---Yes.

20

Even if you can't remember the particular document, this is consistent with your recollection that there continued to be further releases of changed business requirements from Queensland Health?---Yeah. No, I can't recall what changed between 6 and 5.

30

No, of course. I'd like that collection of documents tendered.

MR HORTON: Yes, Mr Commissioner, I tender them.

COMMISSIONER: How would I best describe them, Mr Doyle?

MR DOYLE: They are QHEST documents relating to BAD documents, versions 3, 5, 6.

40

COMMISSIONER: The QHEST documents relating to the business attribute documents, versions 3, 5 and 6 together will be exhibit, I think, 87.

ADMITTED AND MARKED: "EXHIBIT 87"

MR DOYLE: Thank you. Finally, on this point I'd ask you to go to volume 6, please, to page 95. You should have change request 113. Do you have that?---Change request 113, yes.

50

Top right-hand corner?---Yes.

You'll see it's titled BAD 7?---Yes.

It's dated 4 September 08?---Yes.

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If you turn the page you can see at the top of the page it says, "BAD 7 incorporates four changes," and so on?---Yes. 1

Then in the middle of the page it's got "consultation" and names you - - -?---Right.

- - - as the QHEST consultation detail person?---Yes.

Something advising to proceed with the new version 7. Is it right to say that you can recall, at least up until early September 08, revision by Queensland Health of its business attribute requirements?---Certainly, I recall it going on and on, yes. I mean, I can't recall this document actually coming to me but obviously it did. I didn't sign it or anything, did I? The single change one new time out of it - it's suggesting this seems to be a very minor change. 10

Of course. You're in a position to help us with how that affects the progress of the build and design of the payroll replacement system?---This particular change? 20

Yes?---That would be a very minimal thing.

Tell me, please, how it would affect the build and design of the payroll system?---Well, what I'm referring to here is the decision made where it's attributed here with me that I perceived the new version to have the single change described one new time code to be added to Workbrain. Again, I have no technical knowledge about this at all, but the time - - - 30

What I'm asking you, I think, is to give me the technical impact upon the build and design?---All I know is that time codes were put in very quickly at later points in time, they were very easy things to do, from my memory of it.

You'd accept, wouldn't you, that it was in fact Queensland Health's requirement to identify the agency requirements, that is, its own requirements, and at least to be a joint lead in identifying its business requirements?---Jointly involved, yes. 40

Jointly responsible?---For what?

For identifying and providing to IBM its business requirements?---No.

You don't accept that?---No, because they don't know what their business requirements are, it has to be elicited from them. 50

So Queensland Health is, we should understand you to say, not in a position to advise IBM what its business requirements are?---No, they were in a position to advise what its business process is and what its business needs

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are, but to turn them into a formal requirements document which forms the basis for a solution to be drafted, you needed expert people. So I could have all the finance people and all the payroll people in the world and they couldn't write me a requirements document. That's what I'm saying.

1

Okay. So that - - -

COMMISSIONER: Can we define the term?

10

MR DOYLE: Yes. When I took you to the first of those BAD documents it identified the provision of that document as a deliverable by Queensland Health. Can you tell me, please, if you ever checked if that was an accurate or an inaccurate description?---I wasn't ware of that statement until today.

But the business attributes document is one which identifies the requirements which Queensland Health has for its payroll system?---Yes, but it's a document that's written in a certain way to provide those requirements.

20

But the first step is to identify what those requirements are?---Yes.

And that is something which Queensland Health is in a position to do?---With the systems from appropriate skilled resources.

30

Of course. It may well require to have its own consultants to provide that information in a way which IBM would understand?---Yeah, a business analyst of some description needs to be involved.

Did you engage such a business analyst to assist you in providing that information to IBM?---QHEST certainly had business analyst people employed, yes.

So it had within its group of employees people who were in a position to provide it in way which was understandable by IBM?---That's certainly what the QHEST teams were doing, except we were talking to the finance/HR people and trying to interpret their views into a language that could be passed through to IBM.

40

So you had people who were in a position to do that?---Yes, to the best of their knowledge.

Correct. Doing the best they could, they were able to identify the Queensland Health requirements and to put it into a form understandable and usable by IBM?---Yes.

50

That's as you understood was happening?---That was the idea, yeah.

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And you understood that was happening through a series of iterations up to at least September 2008?---Yes. 1

Thereafter?---Well, as I said, the BAD document deals with HR payroll issues only, not finance, so the whole scenario continues along the finance line separately.

Right?---I can't remember exactly when the final document, the BAD, was finished. 10

There may well be a separate series of exchanges which deal with the finance requirements?---Yes.

And you would expect there to be a series of iterations of that?---Yes.

And that going on, really, after September 08?---Well, following on from change request 60, 61.

Is it your recollection that continued after September 08, in relation to finance?---I can't recall when the finance one was signed off. 20

So you don't recall?---No.

COMMISSIONER: Mr Price, there seems to be a distinction between business processes and business needs and business requirements. Can you explain to me what you meant by that distinction?---Well, what I'm referring to is a payroll person or a finance person knows what they do in their office to produce a pay, and it'd be described by a flow chart process, "I do these seven things." Understanding what that is, is part of what a business analyst does via various tools and things to map it out, and then they translate English words, language, into eventually a document that can be used for programs to produce a code. What I describe as a process, "We want to pay such-and-such a person this much overtime and then pass it across to the ledger" could turn into a whole series of technical requirements to support that business process. So I guess what I'm referring to is that Health - and this is not Health; this is any big project - the team who is producing the actual final solution usually has business analysts who come in and know how to get the requirements out of people, so they understand fully what they do, and then turn it into language that can be used to write the code, or, in this case, to amend the SAP system or the Workbrain system. 30 40

Thank you. 50

MR DOYLE: So in other words, the Queensland Health would identify in narrative form its requirements; the business analysts would have helped articulate that in a clear way that a programmer could then use to code in building the system?---Essentially, yes. 1

And it's the programming part that you expected IBM to be doing obviously?---And the elicited.

What do you mean? They should come along and say, "Tell us please what you need." Is that what you think?---Yes. 10

Is that what you're saying?---Yes.

You expected IBM to come along and say, "Please tell us what your business requirements are"?---Exactly.

And you're complaining that they didn't do that. Is that your - - -?---Yes. 20

All right. I see. So that we should understand, you didn't see it as really something about which QHEST should be proactive and provide the information to IBM?---QHEST responded to all of the requests for information but the responsibility lies within the company who is creating this stuff, to get the requirements from the user, yes.

Right. So I have fairly summarized it; you see it really as the right thing for QHEST to wait until they are asked and to provide responses to questions rather than to itself provide the information?---Well, they would be guided by the experts, that's the whole point. IBM were the expert company who were targeted or contracted to take this information from us and create this system. 30

Okay?---And this is true of any project, I'm not just referring to this project of course.

Okay. So that one which - the provision of the scope documents, assume for the moment that is relevant, which says, "Agency requirements, IBM to advise for QHEST to have the project lead accountability," you would understand as requiring QHEST to do so only in response to requests for information from IBM?---No. 40

Help me, please. What is the accountability division? ---You mean the document that we referred to a little while back?

Yes?---I'm not sure. I hadn't seen that document before. I can't recall exactly what it was. 50

It would represent really a different regime than the one you have just been explaining to us?---Possibly. I mean, I think the key is that that was a program 42 document which

means it was created by CorpTech around their view of what should have happened, how that was actually implemented in real life, I can't recall. 1

But assume for the moment that if it contains an accountability where IBM is to advise QHEST to have the lead, that represents a different regime to the one that you thought you were involved in back in 2008?---Yes.

Now, I would like to show you this document, please?---Yes. 10

It is entitled Process Design Report?---Mm'hm.

And you will see that it is dated - if you look at the sign date, it's July 08. Just have a look through it and tell me if you have seen that before?---I don't recall seeing this. I mean, this is a program 42 document. As I say before, this is a CorpTech document that represents the whole of government approach to various things. 20

Right?---I mean, I have seen documents like this. I can't recall if I saw this one specifically. 20

Yes. What does program 42 represent in your belief? ---That's what they referred to as the whole - this is what CorpTech used to refer to the whole IBM - - -

Old Shared Services program?---No, the prime - - -

Contractor?---- - - contractor part of it. I mean, that's only my understanding. I don't know officially what it means. 30

Just look at this front page. It has got stream QHIC? ---Yes.

So this is that part of that stream which relates to the theme that QHEST is responsible for overseeing the integration of?---Not quite; not quite. When they are referring to QHIC here, they are referring to all of the QHIC activities that occurred within CorpTech and IBM which there were several other things happening that weren't within Queensland Health control or QHEST influence at all, so for instance, there was the Workbrain which was happening through statement of work something else and so on. So QHIC as a term was used to refer to the CorpTech IBM activities around this. 40

All right. Just look at the index, please, on page 5, or at least the related documents on page 5. Tell me if you recall seeing a document which was set out as the documents related to the document that I'm asking you about, all those sorts of things. Do you recall my question?---Do you recall seeing this? No, I don't recall seeing this. 50

Okay, never mind. Thank you. You can put that aside. Actually - I know it's unusual; I will ask that it be marked for identification. We will prove it by some other means. Unless it's - - -

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THE COMMISSIONER: There is no need. Has it got some relevance?

MR DOYLE: Yes.

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MR HORTON: On that basis, yes, your Honour.

THE COMMISSIONER: Exhibit 88 is the process design report 2.3.1 process and reconcile payroll.

ADMITTED AND MARKED: "EXHIBIT 88"

MR DOYLE: Before it passes from the witness's hands, could you turn to page 9, please? You will see that there is a heading QHIC Project Overview. "QHIC project will replace the existing Queensland Health LATTICE, HR payroll and ESP systems with SAP and Workbrain. The solution is only an interim payroll," and so on?---Yes.

20

Read if you like what follows. We should understand that you can't recall having seen this document prior to now? ---Mm'hm.

Can you help us, please; is it the kind of document you think it is unlikely you would have seen in the course - - -?---Yes, we wouldn't have seen these sorts of - this level because this was through CorpTech end.

30

So it's unlikely you would have given this back in 2008? ---Yes.

Should we also understand that you're really saying no-one in Queensland Health would likely be given that document back in 2008?---No, no - that's not correct. To create a document like this through CorpTech, they would use staff from various departments to have input to it so people from Health working at a CorpTech level helped them produce the whole of government design which that is what this is all about.

40

Okay. Thank you. You're able to say that not having seen it before now?---I'm just reading what is written on the front.

Okay, thanks. Go to volume 5 now, please. Could you turn, please, to page 118?---Yes.

50

It's identified as stream QHIC team?---Yes.

1

This one is called Version 1 Final. Have a look through it please and tell me is that something that you saw back in 2008?---No, this is not something that I would have recalled seeing - I can't recall seeing it.

Right?---If you look at the authors and things of it, they're not people in my area.

10

So you think it unlikely that you would have - - - ?---Yes. Again, this is one of those CorpTech - - -

Please let me finish my question?---Sorry, sorry.

It's unlikely that you were given this in 2008?---Yes.

And unlikely you were aware of it in 2008?---Yes.

You referred, I think, in the course of your evidence to the blueprint document not being produced until late 2009? ---Yes.

20

The blueprint document that you have in mind then is one that you saw really for the first time in 2009 is those, we should understand it?---Yes.

See if you can help me with this notion. Turn to page 145. There's a heading Stress and Volume Testing. Do you see that?---Yes.

30

Just read that to yourself please?---Yes.

It refers, you'll see, to, "Stress and volume testing scope will be determined collaboratively between CorpTech and Queensland Health and focus on some things." Do you recall becoming involved in collaborating with CorpTech to identify the scope of the stress and volume testing? ---Certainly there would have been staff from QHEST and SSP, in particular, involved with that in helping them define parameters. Yes.

40

Do you recall it?---I recall that happened, but I don't recall the detail of it.

When?---When? This is that period I was talking about, the latter half of 2009 in particular.

So the first time you can recall - and I want to be clear about this - collaboration between CorpTech and Queensland Health to identify the scope of stress and volume testing to your knowledge was late 2009?---No. I mean, I can recall that it was happening in 2009. I don't know whether it happened or not beforehand. I recall specifically things in 2009.

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If there were to be collaboration between Queensland Health and CorpTech about a topic such as this, defining the scope of that kind of testing - - - ?---Yes. 1

- - - does that fall within your function as director to at least be aware that it's occurring and to have some supervision of what's been arranged?---It certainly would fall under the realm of the directorate or whatever it was called at that time to understand that those things were happening. Yes. 10

I'm sorry, does that mean no it's not within - Mr Price, I'll just read what you've said in your statement, I think:

*I understand that QHEST was formed to undertake and coordinate internal activities to ensure Queensland Health could implement the whole of government ERP program -*

and I'll leave some words out - 20

*QHEST also provided project management and other services to other projects in all departments of Queensland Health corporate services. One of these projects was QHIC, the object of which was to implement an interim payroll system to replace LATTICE -*

and you were for relevant times that we talked about a director - the director?---Yes. 30

If there were to be a collaboration between CorpTech and someone from Queensland Health to define the scope of stress and volume testing, is that someone, someone who's answerable to you?---Not necessarily when it's the SSP person. So I guess there's - - -

Who was it? Do you recall? Was there someone whose job it was to collaborate with CorpTech to define - - - ?---Around these sorts of issues there would be - that would come with Janette Jones area. 40

I see?---Particularly because it's talking about what they do in the payroll section and the time frames and so on. So she would be the best one placed to provide that information. She doesn't report to me.

So you would think the job of identifying the scope of the stress and volume testing would be something that the payroll section would deal with?---Yes, but mainly led by CorpTech. 50

All right, thank you. I want to deal with the issue of the human resources finance integration issue. You first became aware of that as an issue, did you, in April - when you started in April 2008?---Yes.

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You understood it to be an issue which was perceived to be a problem of some kind?---Yes. 1

Did you understand the issue to be that something had to be done to overcome that problem?---Yes.

Did you at that stage look at the QHIC scope definition document to see what it is IBM had identified it would do about that problem?---I didn't personally, but there were people in the finance team looking at those sorts of things. 10

You say in your statement, "This was the type of issue that should have been the subject of scoping for the contract." That's a view you held?---Yes.

Did you look at the contract to see whether it was?---No.

Can we infer you didn't look at the QHIC scope document to see how it had been dealt with in that document?---As I said, I relied on the other people who were advising me about that. 20

By not looking at the document, you relied upon others. Is that as we should understand it?---I don't know whether I looked at it or not. I can't recall whether I actually looked at it or not so I can't say I did. I can't recall it, but I would definitely have been advised by various finance people. 30

Thank you. It was essential, you would say, that information could be passed from the new SAP HR system and to be used by the old finance system?---Yes.

Because you knew at that stage the finance system was not the subject of the interim replacement program?---Correct.

Thank you. You would accept, at least, that it would be important to identify what was to be done to achieve that? ---Yes. 40

By whom?---That's what IBM were meant to do.

That's your understanding of it?---That's my understanding of what statement of work 7 was for.

Thank you. I'll labour the point. You say - I thought you told me this morning - you hadn't read statement of work 7? ---I hadn't. 50

You can't recall having read the - I'm sorry. You understand that the function of statement of work 7 included at least the identification of the scope of the LATTICE replacement system?---It would include the financial integration aspect of it. Yes. That's the key point.

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So you knew that statement of work 7 required IBM to define the scope it was going to do for the LATTICE replacement?  
---Yes. **1**

Sitting here now you cannot tell the commissioner that you ever read what IBM defined as the scope of the LATTICE replacement system?---Under statement of work 7? No.

You know that that issue, that is the integration between finance and human resource, was the subject of a number of change requests 60 and 61?---Yes. **10**

It is right to say, isn't it, that you were not involved in the approval of those?---Correct.

Were you consulted about the reasons for them?---I was certainly in discussions where the whole concept was raised. Yes.

Who did approve them, by the way? Whose function was it to approve them?---CorpTech. **20**

Did you have some discussions with CorpTech about the justification for those change requests?---The original conversations were with IBM and then they would go to CorpTech and explain, "This is what's happening," and put through the formal documents.

So should I understand you then that you did not yourself communicate with CorpTech about the reasons for those changes?---I can't recall exactly how they were discussed, but I mean they would have been discussed at the meetings, the board meetings and so on. **30**

**40**

**50**



Were you present at the board meetings?---Yes. 1

Can you recall discussion about that?---I can't recall a specific meeting but clearly it was a major topic at the time, and the minutes should reflect that.

And you'd think it was carefully considered by people who'd know? You would think it was carefully considered?---Yes.

You think the reasons for those change requests were the subject of discussion and examination?---Yes. 10

You can't recall in the course of that discussion or examination, yourself, looking at the QHIC scope document? ---No.

But the outcome was that the two change requests were approved?---Yes.

And additional money was to be paid to IBM pursuant to change request 6?---Yes. 20

Thank you. Would you turn, please, to paragraph 33 of your statement? You see in the middle of the paragraph that your memory is that the number of users required by the contract was about 3000? Do you see that?---Yes.

The contract that we're looking at there is which?---What I'm referring to there is that it was raised at a directorate level that the contract required 3000. That's how, from memory, the discussion at the directorate - not the contract itself. 30

I'm not looking at the contract itself. If I suggested to you that the figure was 600 not 3000, does that ring a bell?---I know there was discussions and arguments around the 600 to 3000, yes.

At the directorate level?---Yes. 40

What were the arguments? Some of them were saying, "No, the requirements is 600" and someone else was saying, "No, the requirements is 3000"?---The argument was around a time based thing, at the start there was 600 users with SSP and that's how that 600 number appeared. My understanding was what we were advised at the directorate was the contract requested that it be scaled up to 3000 at a later time, which would include other people accessing the system.

Okay?---So that was the argument. 50

So that we're clear again, the discussion was that the requirement was 600 but there be some future scaling up to 3000?---The initial need was for 600, to go live there was 600 required in SSP.

But it was contemplated that 3000 would be needed down the track at some later stage. Is that as we should - - -?  
---At some later point, and this is where, from memory, they told me it was in the contract that it be scalable up to 3000 because at a later time the system would be released back to supervisors directly to enter data and so on.

Can you help us, please, at the discussion at the directorate level how far into the future are we talking about?---Well, that was unknown, it was depending on what would happen. In fact we found fairly quickly that we did have to give back a lot of access to supervisors fairly quickly.

All right?---So it would have gone up from 600 quite rapidly.

Why is that not referred to here; that is, when you were discussing the issue of scalability of Workbrain, why is it you've not said in your statement that the discussion included that there was a requirement for 600 but with some need to scale it up further post go live to perhaps 3000?  
---This was in response to the interview I had. It's around a specific document so I was just answering the question asked, I believe.

What you said in answer to the questions asked was that you can recall from comments made what you've set out here, but we should understand that the more complete recollection you have is the one you've given in evidence as you've now explained?---Around the 600 and 3000?

Yes?---Yes, that's a more complete picture.

Thank you. Now, can I ask you to go to volume 5, please, and open it, please, at page 272? I think you've been taken to this before. This is a letter of - - -?---Yes.

- - - 15 August which is dealing with a request or a delay notice, as you can see, from IBM?---Yes.

If you need to see the delay notice, going back in the same volume to page 230, which is a letter dated 8 August. Do you have that?---Sorry, what page was that?

230?---230. Yes.

Which is concerned with the interim LATTICE replacement program, we agree on that?---Yes.

Identifies a need for a delay and the primary causes of it?---Yes.

One of which is accepted to be something to do with IBM's test tools?---Yes.

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And then you had a role in drafting the response to that? 1  
---Yes.

And that's the response I want to ask you about, at  
page 272?---Yes.

Turn back to that. On the first page under the italicised  
part of the first paragraph, there's the words "the  
contract date" et cetera. Do you see that?---Yes. 10

Did you write that?---This letter was drafted by a group of  
people. I signed the letter.

All right. You agree with it?---Yes.

It says, "IBM has moved or sought to move this date a  
number of times, 1 September 08"?---Yes.

And then 17 November 08. Right?---Yes. 20

Where do those two dates come from? Do you recall?---The  
November came from, I believe from memory, change  
request 60, 61.

It did, and the other one, September 08, I'll tell you is  
statement of work 8. Does that sound right?---Statement of  
work 8 was originally July and then went to August for  
signing.

No, you can recall?---Not specifically, but there was a  
change that happened, yeah. 30

I'm going to suggest to you that statement of work 8 says,  
as an indicative date, late September 2008. Do you recall  
that?---You mean the original one? Yes - no, from my  
memory of it, it was July, originally.

Okay, I'll show you the document.

COMMISSIONER: You may be at cross-purposes. The contract 40  
had the July date.

MR DOYLE: Well, I've left out those words, but, okay, are  
we at cross-purposes? The letter says, "The contract date  
for payroll go live was July 08. IBM has moved or sought  
to move this date a number of times," and the first which  
you refer to is September 08, and I'm suggesting to you  
that is a date which appears - or late September 08 appears  
in statement of work 8 in its first articulation?---Not as  
I understand it, but as I said, these paragraphs were 50  
provided by other people who had access to the documents  
at the time. I understood there was an original date and  
then at the actual signing was moved by a month, and then  
we ended up in November.

At the signing of what?---Statement of work 8 sign-off, I guess. Again, that's the trouble; I have no access to these contracts, had no involvement with. 1

Now, you have no access to them now?---No, sorry, at the time all the contracts and so forth were handled through CorpTech.

That's what I want to ask you. Presumably you wrote this letter to inform Ms Perrott of some matters of fact, and the first matter of fact that you point to is a suggestion really that IBM has moved the date a couple of times? 10  
---Yes.

It's put forward in order to suggest that IBM's at fault in doing that, isn't it?---It's just stating what it believed to be the facts at the time.

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A fair statement of the facts would be that the agreed statement of works 8, nominated late September 2008, and that agreed change request 60, dated the date of 17 November 2008 - that would be a fair statement of the facts, wouldn't it?---I'm not sure what you mean by the September one. That's not my understanding of the September - - -

All right. Would you accept the second proposition that a fair statement of the facts would be, "Ms Perrott, we've agreed on a change of scope in change request 60 which has been approved after careful consideration by those people who have to approve it and agreed to a date of 17 November 2008"?---That comes in with the document later on.

Go to the next paragraph under the Italicised paragraph 2 where you say, "The proposal to replace LATTICE with an interim solution was an IBM strategy and not provided for in the ITO called by CorpTech." Is that a view that you held at the time?---Again, this is a view put forward by people who worked in Health who had access and understanding to the contract.

Did you seek to check that that was factually correct?---By going to the contract myself? No.

Or the ITO?---No. I accepted what the staff were telling me.

"Financial integration was a mandatory part of that strategy." Did you check that?---What, that it was in the contract?

Is it right to say that it should be read in this way: that IBM had put forward a proposal and that proposal included as a mandatory part financial integration?---Well, that's what it's indicating, but financial integration should have been part of that strategy.

"Was a mandatory part of that strategy." Did you check if that was true?---Well, I didn't need to because they were actually working on it.

After change request 60 did you know - - - ?---No, no. They were working on their own view of financial integration before that, just that the financial integration that was proposed under the original - whatever it was - wasn't fit for purpose.

Okay. All right. In order to identify what was a mandatory part of the strategy, we can take as given you did not look at the QHIC scope document prior to sending this letter?---As I said, this document was prepared by a number of other people who - - -

You've said that. Is it right to say prior to your sending this letter you did not look at the QHIC scope definition document?---Yes, that's correct. 1

Thank you. Go across the page, "Cause 1, differing expectations of the roles and responsibilities by IBM." Do you see that?---Mm'hm.

And you say Queensland Health does not accept this as a cause?---Yes. 10

Tell me please what it is that was your understanding of the differing expectations of the responsibilities of IBM and Queensland Health that you thought IBM was referring to and with which you did not agree?---Well, that was the point. They weren't very clear about what they were actually referring to in the original letter.

But were you aware prior to the delay notice of a difference of view as to the respective responsibilities of IBM and Queensland Health?---Certainly there was already issues around the three tier approach occurring that IBM would have been aware of, if that's what they refer to, but they don't actually say that. 20

Okay. I'm asking you a different question now. Prior to the procedure delay notice, had you become aware of differences of view as to the responsibilities of Queensland Health taken by IBM compared to Queensland Health?---Certainly, I was aware that IBM had problems with the relationships between the parties. Yes. 30

Would that extend to them having expressed the view that there are things which are really the responsibility of Queensland Health which it's either not doing or not doing in a timely way?---I don't recall that. No.

You don't? Or them saying there were things required of CorpTech which were not being done at all or in a timely way?---I recall them talking about things like that. Yes. 40

You can recall, can't you, the suggestion that the provision of the business requirements of Queensland Health had taken much longer than IBM had hoped it would take?---I don't recall that specifically coming up.

Go then to about halfway down the page there's cause 2 where it says, "QR finance design continues to be debated," and you've said that's not correct. Is that right? ---That's right. 50

Because you understood at the time this letter was drafted that all of the requirements that Queensland Health needed had been specified?---Yes; that effectively the work that was being done under 60, 61 would take care of that.

Very good. Do you have with you the two volumes of the documents that you've attached to your statement?---I believe so, yes. 1

Can you take out volume 1, please? Could you go to tab 12? ---I don't have it in that order.

I might have an index. Page 95, I'm told - 93.

COMMISSIONER: I suspect that Mr Price is the same - mine is not paginated, not tabbed and not paginated. 10

MR DOYLE: That's very helpful. Might I see yours and I'll find the document I referred you to? Do you want me to do the same with yours or at least your associate - - -

COMMISSIONER: If you give me a hand or if you give me a description, perhaps I can find it.

MR DOYLE: You should have some meeting minutes on QHEST letterhead?---Yes. 20

It's a meeting on 14 August 2008. Is that right?---Yes.

The day before this letter. Yes?---Sorry? The day before what?

The letter that we're looking at. We're looking at a letter of 15 August?---Okay. 30

If you go to the fourth sheet there's a heading Change Requests. Have you got that?---Number 4? Yes.

The columns have change request as the first item, description as the next, some other things and then there's a heading Raised By?---Yes.

Status and so on. Do you see that?---Yes. 40

Could you turn please to - turn over, two more sheets, to change request 73?---Yes. 1

So that we understand how this works, this is a change request which affects statement of work 8?---Yes.

Something to do with concurrent employment?---Yes.

And IBM have included functionality in the QHIC build and test cycles?---Mm'hm. 10

And if we go across to the column of "Raised by", it's raised by Queensland Health. That's the way it should be understood?--- All right.

And something has been assigned, awaiting confirmation of costs impact. Do you recall or were you involved in any discussion about change request 73? I'm sorry, I left out the - the date of that is 8 August, the change request was raised on 8 August. Can you help us please with what that related to?---This is the concurrent employment one? 20

Yes?---I can't recall specifically what that was about, no.

Okay. Turn over two more pages. Change request 98. This also affects statement of work 8?---Yes.

It has something to do with employment status?---Mm'hm.

This a requirement for QH forms to be edited. It's dated - oddly enough, it seems to be - I'm sorry, that's action required by 19 August, it's raised by Queensland Health. Do you see that?---Mm'hm. 30

Do you recall any discussion about that topic around about that time?---No.

The one immediately under it is change request 99. It affects statement of work 8. Take over of XFA accountability? ---That's a CorpTech thing. 40

Cross-functional applications?---(indistinct) some sort of software that's handled at the CorpTech end.

Okay. This is raised by Steve Mitchell. Who is he? ---Steve Mitchell is a CorpTech person.

If you turn across to the next page, there's change request 113 which I took you before?---Yes. 50

That was to do with BAD 7?---Yes.

But you will see that affects statement of work 8?---Mm'hm.



Various new business requirements identified and documented; QHEST, SSP and HRB conducted workshop. Who is HRB?---The human resources branch.

1

And concluded they only needed one new time code to be configured and so on?---Yes.

And that's raised by Queensland Health?---Mm'hm.

Now, I notice this is a QHEST meeting on 14 August 2008. You're not shown as attending. Is this the sort of thing that would be reported to you? Is this the kind of document that you would see?---No, not at this level of detail usually.

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All right. Well, what level of detail?---I would see some refigures about - there might be three or four items that might need follow up or be in dispute or whatever, I would be told about those sorts of things.

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Right. I will test my luck. Can you go to the end of that document, those minutes that we just looked up and turn to the next sheet? You have an email from Amanda Doughty? ---Yes.

I will just turn over the page. There's another table on QHEST paper, letterhead of some kind?---Yes.

And if you turn back again to the email you see, it's a review of options as at 14 August 2008?---Mm'hm.

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This one is copied to you?---Yes.

If you go to the options, you will see there are five options set out across the page?---Yes.

And under the first three, I want to direct your attention to the scope management provision. It says, "Option 1, as it, scope needs to be frozen to meet timelines performance testing to be included in statement of works," and words to similar effect against the next two options?---Mm'hm.

40

You understood on 14 August that any effective way forward required the freezing of scope; that is, the cutting off if you like of further changes to scope?---This options paper is an options paper to what we're going to do once we remove ourselves from CorpTech and IBM.

I understand?---That's what it's about. What we would have to do to proceed.

50

And the things that you have identified as important to what it would do is to freeze changes to scope. That's the first three options?---Yes.

That's because you had appreciated that that had been a problem in the past?---Yes, in terms of the ongoing discussions, yes. 1

Yes. That is ongoing changes to scope requirements had caused disruption to and delay of the replacement, the interim replacement of LATTICE?---Well, there was ongoing discussions around what were scope changes and (indistinct). 10

You know there were in fact scope changes. I have just taken you, Mr Price, to a series of change requests which identify scope changes?---Mm'hm, yes.

And they are raised by Queensland Health and they are as recent as the day that this email is sent to you on 14 August?---Mm'hm.

You appreciated that the changes which were being made to scope were having an impact upon the progress of the project?---Mm'hm. 20

In terms of possible ways forward, an important thing which you identified that needed to be done was to freeze further changes?---Yes.

Okay. Now, if you go back to the letter - - -?---Which is where, sorry.

Volume 5, page 273?---Sorry 27 - - - 30

273 of volume 5?---Yes.

Under clause 2, you reject IBM's explanation for the delay?---Mm'hm.

You say that all aspects of HRFI integration are covered by change request 60?---Yes.

And then further down, you say that Queensland Health has provided all specification requirements and sought assurances from IBM were current - would remain. At the time that letter was sent, you knew that to be false?---No. 40

You knew that all functional requirements, all specifications, had not been provided by Queensland Health to IBM?---Well, the sentence above that as recently according to IBM has confirmed that their solution design is incomplete. 50

You knew that Queensland Health had not provided all its requirements?---No, that's not what it is saying.

All right. Would you accept that a fairer description would be to say, "Look, even yesterday we had a meeting in

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which we identified a series of change requests which affect statement of work 8 and which are going to affect the scope of work to be conducted by IBM." That would be a fairer way of putting it on the spur of the moment?  
---Certainly I was unaware - I don't recall if I knew about that meeting that you have just referred me to before this was sent.

1

Looking at it now - - -?---Yes.

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- - - looking at the combination of these two things, that you know that the BAD document that we looked at before was an evolving document?---Yes.

Including up to version 7?---Yes.

You have told us that you thought the similar process was being undertaken with respect to the finance?---Yes.

Including its evolution after September?---Yes.

20

And just looking at the minutes that we looked at a moment ago, as at 14 August, there were four change requests raised by Queensland Health for CorpTech which affected statement of work 8, affected their scope and would have been required to have been dealt with in some way by IBM?---Yes.

So that a fair explanation to Ms Perrott would be to bring those things to her attention and say, "Look, I know IBM said there was going to be a further delay. Dismiss it any way you like but you should have regard to these circumstances. That they are right, there are scope changes being made even up till yesterday." Wouldn't that be a fairer way to put it?---I'm not sure how I addressed that later in the letter but we're talking about the HRFI part.

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Yes?---And about the specific statements that there was debate.

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I see. So where it says, "Queensland Health has provided all specification requirements," that should be understood as being concerned with only the HR/finance integration? ---Well, it's referring to that clause 2. That's what it's about, yeah.

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Is that as we should read it?---That's what it says, "Clause 2 refers to HR and finance (indistinct) design."

Do any of the change requests I took you to affect the HR/finance design?---I don't recall. I don't know.

10

And you've not checked?---I only saw those change requests a minute ago.

You didn't check before sending the letter?---As I said, I was unaware of whatever that meeting was. As we noted in the letter, we've sent the documents and IMB have agreed that there's changes to be made down here. In the second part of that first paragraph it says, "As recently as 14/08, IBM has confirmed their solution design is incomplete." The draft solution design were delivered in 22/8.

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Another thing you could have said, "As recently as 14.08, we haven't finished telling them what our requirements are."

COMMISSIONER: I'm not sure Mr Price accepts that - - -

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MR DOYLE: No.

COMMISSIONER: - - - those items which you few his attention to earlier relate to HR/finance design.

MR DOYLE: I understand he doesn't. Let me deal with that some other way. Thank you. I wonder if I can show you one more document on this point, and that is volume 7 at page 363. To put this in context, I think you need to go back to 360?---Yes.

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The email copied to you?---Yes.

Have you seen this before?---Yes, I've seen it recently.

How recently?---As part of the bundle.

If you turn to page 362, you'll see a heading "Impact of Continuing"?---Yes.

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And then over the page, the first arrow point, it says, "Project scope has been locked down since September 2008." Do you see that?---Yes.

At the end of the various references to around works, there's words, "Some of these workarounds are known now and result from under specification by Queensland Health." Do you see that?---Yes.

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Can you help us please? Firstly, what is the reference to, "Project scope having been locked down since September 2008"?---This was written by Paul Monahan from SSP who was responsible for payroll at that time, and he's making reference to the - there was a moving in Queensland Health to actually try and restrict the ongoing changes to industrial arrangements, which I think I mentioned last week, that resulted in real scope changes. Of course, there was always real scope changes where a new industrial award came into place and had to be reflected in the system, but for a certain period of time Health tried to restrict those changes by saying, "Well, we're going to go live over the next whatever period, let's try not to change things there," so that's what I believe he's referring to there.

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So, "Project scope has been locked down since September 2008," means frozen without any more changes. Is that right?---That was the example, was trying to shut it down so there wouldn't be changes.

You knew that wasn't in fact happening?---Things would happen, yeah.

And then it says, the passages I then took you to, "Some of these workarounds are known now and result from underspecification by Queensland Health." Now, when you read that back in 2009, I think this is - no, 2008 - did you ask him what he meant by that?---I think he was expressing a view - - -

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Yes, we can see that. Did you ask him what was the basis for that view?---I don't recall asking him about it, no.

No. And did you send an email back saying, "That's wrong. Nothing has been underspecified by Queensland Health"? ---No, because it was a view that was discussed quite often within Queensland Health about this whole scope issue; it wasn't a new idea.

40

It was regularly discussed that Queensland Health had been responsible for underspecification?---No, there was regular discussion around what had been specified or not. As I said to you, there was a range of things where clearly scope did change and there was clearly some that didn't and then in between there was a blurred area, and that's where he presented particular view there.

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It didn't come as a surprise to you to have the executive director of Queensland Health's shared services partner

saying there'd been underspecification by Queensland Health?---No, I think I've heard him say those sorts of things before. 1

All right. Thank you. Ultimately you know change request 184 was approved?---Yeah, I'm not familiar with the content. I know the terminology but I can't remember exactly what it was about.

It was approved on 30 June 2009, pursuant to which there were a number of changes to scope?---Yes. 10

You recall that?---Yeah.

And that too was something that was examined and approved by others, not by you?---I was more involved with that one because there was a document that was created at the time, a new scope document.

So you were involved in that?---I have a much better memory of it, yeah. 20

You undertook an examination of its contents?---I would have looked at it, yeah.

So you read it?---I believe so.

Were you involved in approving it?---I can't recall but possibly I was. 30

All right?---Probably I was.

Probably?---I would image so but I can't specifically recall that, yeah.

And you know, don't you, it has changes to the scope of works that had to be performed by IBM?---I can't recall exactly what it contains, the scope change.

Without remembering exactly what it contains, you're able, presumably, to help me with that question. You can recall that it affects the scope of what IBM had to do in respect of the - - -?---Yes. 40

- - - interim LATTICE replacement?---Yes.

And it also provided for a very significant payment to IBM?---Yes.

All of which was the subject of examination and approval?---Yes. 50

And that included, didn't it, changes to the scope of what had to be done for the HR/finance integration?---I can't recall the exact time, but that might have been where

certain things were taken out of scope, for instance, cost allocation. 1

The scope was defined in 184 including additional work for IBM to do. Do you recall that?---I don't recall exactly what's in the document.

I'll come to that shortly. Would you turn back to volume 5, to page 294, now, please? You should have at 294 a document which is prepared to be a report to the - - - 10

COMMISSIONER: It's a briefing note.

MR DOYLE: A briefing note to the director-general?---Yes.

Would you turn, please, to page - sorry, under the heading Background to the Fourth Dot Point and just read that to yourself?---Yes.

This is a note you told us prepared by someone else but cleared by you?---Yes. 20

And then cleared by Mr Kalimnios?---Yes.

The words which I just asked you to read, whilst there is an immediate need to replace the payroll, "IBM have so far neither been able to deliver any workable solution to the payroll, nor other agent QH system" It was intended to be a criticism of IBM, it's fair to say?---I think that sentence includes CorpTech at the start, so CorpTech or their appointed contractor. 30

Criticism may well extend beyond IBM to CorpTech - - -? ---Yes.

- - - but it is intended to be critical of IBM? ---Certainly at that time we would have been critical of IBM, yes.

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What are the other ageing QH systems that you're referring to apart from payroll?---Well, that's what I'm referring to as CorpTech. CorpTech were responsible for replacing the finance system as well and also our procurement system as a whole of government program. So what we're saying here is that CorpTech and IBM have not progressed with any of the whole of government programs from a Queensland Health point of view, in particular, the payroll system.

1

You say they've been unable to deliver any workable solution?---Yes.

10

Turn to the next page, please, and just read the third and fourth dot points to yourself?---At the top?

Yes, at the top, "CorpTech appointed and IBM failed"?  
---Yes.

What is the failure by IBM - what do you mean by "full accountability" in that fourth dot point?---I believe what it's pointing out is as the prime contractor they're accountable for the whole project which included the performance of the payroll system and the solution architecture.

20

All right. Again, those two passages, recognising they might also be criticisms of CorpTech, are intended to be criticisms of IBM?---Yes.

Can I take it, Mr Price, that before sending this document you did not read the QHIC scope definition document?---No, I had no need to refer to the scope document to agree with what's been put here.

30

You know at the time of this document the LATTICE replacement program was one pursuant to which change request 60, the go live was to be sometime in November?  
---Originally, yes, yes.

At the time of this document?---Yes. This was after the delay notification arrived.

40

Yes. And at a time when, even if you ignored the delay notification, there was to be delivery of the go live in November?---That was the planned date, yes.

Yes. You also refer, don't you, in the next dot point IBM - sorry, "The solution is now failing critically in test phase loading - - -"

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COMMISSIONER: "Leading", I think?---"Leading."

MR DOYLE: "Leading"? Sorry - "leading to a further five months' delay." What's the test that you're referring to there?---I believe that's in reference to Workbrain.



Do you recall?---From memory, that's what it was about; the Workbrain testing was running into trouble at the same time as these other issues we were having. We'd heard and been told that Workbrain was having difficulties as well. 1

So your recollection is that this is a reference to some failure of a test of Workbrain which you had heard of by the end of August 2008?---That's what I seem to recall it as, yes. 10

Yes. Did you ask for the test? Did you ask to see that document?---This was a verbal from - we were getting this information from IBM at the time.

That is wrong. I'd like you to tell me please what is the foundation for your suggestion by approving this document that there was a critical failure in the test phase which related to Workbrain known to you by 20 August 2008?---I can't recall exactly how it came to be here at that point. I mean, I'm remembering that it may be Workbrain, but perhaps it wasn't. I'm not sure. 20

Should we understand that whatever it was, it was verbal? ---Whatever I'm referring to is, yes, verbal from various people.

You, in your role as director of the QHEST, did not ask to see the documents which demonstrated this critical failure?---I may have asked, but I don't recall. I mean, when we did ask for things it wasn't very forthcoming. 30

Who did you ask?---Whoever the project manager at the time was, so either - - -

Do you mean IBM?---The IBM project.

Do you recall asking?---Specifically - - -

Yes?---- - - about this particular issue? No. I mean, I recall asking for other things from people and not getting a response. 40

Again, your recollection is that it was verbal. You may have asked for something and it wasn't given to you. Is that as you now recall it?---I recall a range of things where we tried to get information from IBM and it wasn't forthcoming.

When did you follow it up, this critical failure as you call it?---It was followed up through the meetings. We had regular meetings where these things were raised. 50

I see. If we look at the minutes we'll see them being raised and, presumably, resolved to your satisfaction. Is that as we should understand it?---As time went by obviously they sorted out whatever was wrong.

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The purpose of this briefing note was to inform the director-general of the state of the project with a view to ultimately Queensland Health being separated from CorpTech and IBM. Is that your wish?---Yes. That's the intention, yes.

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It was drafted with that in mind?---Yes.

To persuade the director-general to that effect?---Yes.

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You don't refer at all to the impact of change request 60 or 61?---I'm sure we talk about HRFI in here somewhere.

It would have been important to draw to the director-general's attention that there had been recently; that is, two months before this report, two changes which directly affect the progress of the integration of the payroll system with finance, wouldn't it?---Well, we wouldn't necessarily talk about change request 60 and 61. I'm sure we've talked about the HRFI aspects.

20

Yes. Where? Show me where you say you've dealt with - have a closer look?---Okay. So it doesn't specifically talk about HRFI in this document, by the looks of it.

The thing I want to suggest to you is that a fair report would say, but which this doesn't - is to identify there had been changes of scope pursuant to a variety of events which have been the subject of change requests, approved by whomever approves them, which affect the performance of the LATTICE replacement system. That's point number 1. That's not reflected at all, is it?---Not apparently.

30

Specifically, in relation to the integration between finance and HR there had two months before this document been change request 60 and 61 which overcame a scope dispute which you would describe as essential to the progress of the LATTICE replacement system. That's true, isn't it?---Well, it didn't overcome it because that's why IBM were using that as an issue of delay notification.

40

Well, at least dealt with who was responsible for - - - ?  
---Started to deal with it.

Started to deal with it?---Yes.

So an important thing to tell the director-general was, despite the contract having been made in December 07, an important aspect of this integration started to be dealt with by change requests at the end of June 2008. You don't mention that?---Well, it's meant to be a short two-page briefing note. I can't tell him everything that's happening in the program.

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No, of course not. It doesn't identify that there have been a variety of iterations by Queensland Health of its business requirements document which was required by IBM to design and build the LATTICE replacement system?---Again, it's not meant to tell them everything about the project.

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It doesn't identify any shortcoming in terms of Queensland Health's performance of its responsibilities, does it? 1  
---No, because that's the view that you have of it. That's a different view that we had at the time, yes.

The view you had at the time was there was no shortcoming in Queensland Health's - - - ?---Not to the extent that would cause these delays, no.

At all?---Certainly there were issues, clearly. 10

There's no hint of there being any difficulty from the Queensland Health point of view in this - - - ?---Yes, but as I say, the purpose of this document is to get the attention of the officer and then obviously go on to have further discussions about what really is going on.

To get his attention with a view to persuading him that the problem lay with CorpTech or IBM - - - ?---Yes.

- - - and not with Queensland Health?---Yes. 20

Next I'll ask you to go to - - -

COMMISSIONER: Can I just ask how long you will be? I would like to get through Mr Shea's evidence today, if that's possible.

MR DOYLE: Mr Shea? 30

COMMISSIONER: Mr Shea I think is next.

MR DOYLE: Yes. I think Mr Kalimnios is next, actually.

MR HORTON: Mr Kalimnios has come from Darwin. We thought we might interpose Mr Kalimnios.

COMMISSIONER: I understand that, but I would like to get through - - - 40

MR HORTON: Yes, another witness.

COMMISSIONER: - - - that witness's evidence.

MR HORTON: Yes.

COMMISSIONER: Is that possible?

MR DOYLE: Yes, it is. 50

COMMISSIONER: Thank you.

MR DOYLE: Do you want me to stop or - - -

COMMISSIONER: No, no. We'll go to 1.00.

MR DOYLE: At volume 9 please, which is your report of 6 July 2009 - - - 1

COMMISSIONER: At what page?

MR DOYLE: At 240.

This is the middle of the following year?---Yes.

This is another briefing note?---Yes. 10

Which may or may not have gone very far. I want you to turn to the passage on page 242 which you were asked about?---Two?

242?---Yes.

You were taken to some passages on this page, one under the heading Business Requirements - - - ?---Yes.

- - - where you say, "The process followed by IBM to identify Queensland Health business requirements was inadequate"?---Yes. 20

As we understand it, that's because - sorry. Is it right to say that you saw it as IBM's role to go out and elicit the information rather than Queensland Health's role to provide it?---Yes. I believe it was IBM's role to elicit the information from Queensland Health. Yes. 30

Do you know there were workshops conducted?---Yes.

You've said, I think, they ran between four and eight weeks?---That was from memory.

Yes. And that you attended the first couple of those?---I believe, yes, at least one, maybe two.

Maybe two?---Mm. 40

How many workshops were held over that four to eight weeks? Can you recall?---No, I can't recall.

Was it something you investigated prior to the preparation of this document?---Certainly the person who was in charge of all those from the Health point of view workshops was part of the writing of this document.

So the person whose job it was to attend workshops and convey information to IBM was critical of that process? ---Yes. 50

Was that a communication - was that criticism communicated to you at the time the workshops were being conducted? ---Yes. There was daily email sent around about what was happening.

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So there will be documents which can record a contemporaneous record that there was dissatisfaction with the workshops?---There'll be records of what happened at the workshops.

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Did you speak to anyone at IBM and say that?---Yes, yes.

Who?---Chris Prebble.

Chris Prebble? When?---Very early on after I first attended the workshop.

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So sometime about when?---Whenever the first workshop was. I can't recall when it was; soon after that.

Are we talking April 2008, 2009? When?---This happened - the HRFI workshops we're talking about? That's what we're talking about now? Is that correct?

I'm talking about the process - - - ?---Yes.

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- - - followed by IBM to identify - - - ?---Sure.

- - - Queensland Health's business requirements being inadequate?---Yes.

When is that?---Well, what I'm referring to here is the HRFI workshops that I attended. So they occurred in 2008.

The second half of 2008?---As part of the response arounds 60 and 61. So they would have been in that sort of period from May through to August or something. I can't be sure.

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Thank you. So May to August 2008?---Somewhere in there, I guess.

Very good. And next you see, "Scope deficiencies in identifying business requirements meant that there was an ongoing debate on project scope and deliverables." That's the last passage on that page?---Yes.

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Is it right to say that prior to writing this document you did not look at the QHIC scope definition?---Which version?

Any version, Mr Price?---Well, there's a later version that you brought out before. I can't recall exactly when that was.

There was a QHIC scope definition document to which I took you earlier today?---Yes, yes. The earlier one I haven't seen, I don't recall seeing, and then we talked later on about another document that was produced a bit later on after 184 and I said I would have had more access to that one.

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Did you read the QHIC scope definition document in any version at any time prior to getting ready to give your evidence in this commission?---Before now? No, no. I probably looked at it at the time four years ago, but I can't recall exactly. I didn't look at it this time around, no.

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I'm asking you about four years ago. Did you ever - - - ? ---I can't recall what I did four years ago around that document.

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How could you possibly perform your job properly without having studied that document to see precisely what it is that was within scope from IBM?---There was no reason for me to look at that.

Thank you. Is that a convenient time?

COMMISSIONER: Yes. We'll adjourn until 2.30.

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THE COMMISSION ADJOURNED AT 1.03 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.30 PM

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MR DOYLE: Mr Price, could I ask you now to look at CR 184? It's in volume 9, at page 128. This is a document that you had more familiarity with than others that I asked you about this morning?---Not the document itself but the sort of things it's talking about, yeah.

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Right, that answers the first question. There was a process of discussion, negotiations, debate, however you describe it, between IBM and Queensland Health and CorpTech which went over some months which this document is intended to resolve?---Yes.

And it resolves it by a variety of things, including the agreement to pay some more money to IBM, to alter the dates for achievement of milestones?---Yes.

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To alter the definition of the criteria for those milestones, or some of them at least?---I'm not sure of all the changes.

And to do something about scope?---Again, I'm not sure what it says about the scope.

Could you turn, please, to page 130, to section 7, which is contract variation?---Yes.

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And you'll see there's some words which refers him to something else and then says "insert", and there's words to be inserted?---Yes.

Earlier in your evidence you've spoken of some things being agreed to be taken out of scope, or "de-scoped" I think is the impression you used?---Yes.

Is it this topic that you're referring to, that is, points numbered 1, 2 and 3 - - -?---Yes.

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- - - as identified under 2.1 LATTICE replacement scope? ---Yes.

In fact, what this records was that both IBM and the state, CorpTech, agreed the things were outside the scope?---Well, as of this point, yeah.

And that had been at least part of the subject matter of the discussion, negotiation and dispute that preceded the formulation of this document?---There certainly had been lots of discussion around these items.

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In which one person was saying something's outside the scope, one was saying it's inside the scope, others perhaps

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saying it should be inside scope but it's not?---Amongst other things, yeah.

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Thank you. Is it your recollection that those things, that is, cost allocation, balance sheet and nurses PDE for concurrent employment were not matters which were built and designed as part of the LATTICE payroll replacement system? ---What happened was we had to create workarounds for them.

In other words, it went live, the system went live with these things not having been built and designed by IBM but workarounds being in place to accommodate that?---Yes.

10

Same page, the last paragraph, you'll see there's a word "insert" again in the left-hand column, and it says, "The scope of IBM which attracted the services," et cetera, and it refers to a document, appendix A?---Yes.

If you turn across to page 143, you'll see that appendix A and various pages that follow it?---Yes.

20

Did you read that document, that is, the QHIC scope clarification in the middle of 2009?---Yes, I would have looked at this document.

I thought you said earlier in the day there was a later version of something that you were more familiar with? ---Yes.

It is this appendix A document?---Yes.

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Do you recall when you read it?---Before it was signed off, around about that time.

Late June 2009?---About then, yeah.

Thank you. Just a few minor things to go. I want to ask you some things about UAT, that is, user acceptance testing ---Yes.

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Volume 1 of the documents which are referred to in your statement, I'd like you to go to tab 29, if you would. They should now be tabbed?---Okay.

You have it?---29, yes.

It's an email of 3 March from Terry Burns to you, and behind it you'll see the third sheet, you'll see a KJ Ross and Associates report, or at least part of it. No, you see all of it?---Yes, KJ Ross document; yes.

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Dated February 09, and you should have two pages, which I take it you read back in March 2009?---Yes, I would have read this back then, yeah.

Okay, just read to yourself the second paragraph, that's the one commencing, "Previous UAT cycles"?---So this is the KJ Ross document?

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Yes, page 1 of two, the second paragraph on the first page, "Previous UAT cycles"?---Yes.

You knew in March 2009 that UAT testing was being conducted by Queensland Health?---Yes.

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The points which the author of this report makes in respect of the way in which those test have been conducted are observations about the way Queensland Health had been conducting its - - -

COMMISSIONER: I missed the last bit of the question.

MR DOYLE: The observations this author is making are observations about the way in which Queensland Health had been conducting its tests?---It's referring to the UATs 1 and 2 that happened before that.

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As a result of which, was there an approach to Ross to recommend or to consider whether they would supervise the subsequent UAT?---Part of these issues was one of the reasons we decided to ask them to take on the management on our behalf of that exercise, yes.

Because of the kinds of deficiencies KJ Ross had identified?---That was one of the things, yeah.

30

Thank you. If you turn to tab 34, now, please?---Yes.

You should have on the first sheet an email which doesn't seem to be copied to you but which makes recommendations for KJ Ross and Associates as to their candidates for conducting the tests?---Yes.

You were familiar with - this came to your attention, I take it?---Yes.

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The CV's attached, which no doubt read at the time?---Yes.

Neither of which was engaged, neither of these people were engaged (indistinct)?---Bill Montana was for a while.

Was he?---We interviewed these people, obviously, and he started and was there for a short time.

When?---Well, soon after this.

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When did he cease to be involved?---I don't know exactly, he was only there for a period of about a month or so, at the most, I would think.

All right. And the other gentleman wasn't engaged?---No, it was just - he was picked, the first one, he didn't work ut so we had to get someone else.

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And ultimately Mr Cowan was - - -?---Yes.

All right. And did you receive a CV about him and interviewed him?---Yeah.

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You did? Okay. Would you turn to tab 38, now, please. This is an email you should have, an email from KJ Ross to you and others?---Yes.

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And it's called QHIC Test on UAT Replanning and you'll see behind it is a report of some kind, which I take it you've read at the time?---Yes.

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If you'd turn please to page 210. In terms of the report page 6 of 10 - - - ?---Yes.

- - - under the heading HR Payroll UAT Readiness Review, the author says:

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*The first round of user acceptance testing was conducted in January. A number of issues were encountered and the UAT activity was suspended pending resolution of the issues. The following sections summarise the issues encountered -*

and makes recommendations for remediation. You read that and you read the following sections which identified the issues that had been encountered?---Yes.

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You would have read all those back in March 2009?---When it was delivered, yes.

Thank you. Finally, one last topic, I've asked you, you'll recall, about something called stress and volume testing?---Yes.

Can you help us please when, if at all, the stress and volume testing was last conducted in relation to the LATTICE replacement?---I don't recall exactly when. My impression would be towards the end of 2009, the ones that I was aware of, but I can't be sure about that.

30

So you have a recollection of some of that kind of testing being conducted towards the end of 2009?---Yes. Well, as I said before, after that report was delivered, there was work done to remediate and fix those things up and there was - that was happening at that end at that time.

Who was conducting that?---It was a combination of CorpTech and IBM.

40

So the tests you have in mind are the ones that you have in mind were conducted by CorpTech and IBM?---Yes. As tested by them. Yes.

Yes. Are you aware of stress and volume testing being conducted by CorpTech or CorpTech and Queensland Health?---No, no. It was a technical test. So their technical team was running it. This is the one they had resourcing brought out -Infor Resources to assist them and so on.

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If I were to suggest to you that in fact the stress and volume testing was conducted by CorpTech and not with IBM, are you able to contradict that or are you - - ?---Well,

what I'm saying is that the reports that I've seen that were delivered to the board were signed by CorpTech and IBM jointly. So I took that to mean that they were involved with the testing.

1

I see. So you've seen stress and volume testing which went to the board of what - - - ?---Yes. The QHIC board.

The QHIC board?---Yes.

10

Identifying the outcomes of stress and volume testing?  
---Yes.

You can recall them being presented as passed or positive. They were successful testing?---Yes. At the end of the process they were going through, it must have achieved a certain level to be able to be passed as part of one of the gate criteria.

I'm asking you if you can recall it?---No. What I'm saying is I've seen those documents recently. I also recall that at the time the - without knowing the detail of it because it was a technical thing - it was resolved in some manner.

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Thank you.

COMMISSIONER: Mr Horton, before you start, there's a topic I want to take up with Mr Price if I can.

Mr Price, have you still got volume 4 there? Would you go, please, to page 89? This is the document that Mr Doyle asked you about and Mr Horton as well. It's the QHIC scope definition version 1. Tell me if you can - if you can't tell me that, too - but look for example at pages 89 and following and tell me if the information there was sufficient to enable the resolution of the arguments that seem to occur between Queensland Health and IBM about scope. If the information is sufficient, can you tell me why this document wasn't referred to to settle those arguments?---So we're talking about page 89, for example?

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I took that at random?---Yes.

Well not at random. I took that as apparently the beginning of the more detailed identification of information and it goes on for quite a few pages. Look at it as much as you want to to answer my question?---There's several things. This again is a program 42 document. It's a CorpTech document that they produced on behalf of the whole of government approach and on page 88, for instance, it shows that diagram. Those upper level processes, manager HR payroll services, manager recruitment services. That's the upper level and they've worked their way down. There was the assumption in fact that you could create the

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same processes for all departments is what they're saying. So when it gets on to 88, 89, it's taking that down to lower levels again.

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Yes?---Again, I don't recall seeing this document at the time, but I - - -

No, but look at it now and tell me if the detail gets down to the level where the document could have been used to settle the arguments between Queensland Health and IBM about scope?---Well, certainly not 89. It's still on level 4. It says "maintain roster". That doesn't help us much, you know, the one I'm looking at 823. That won't resolve anything "maintain a roster". You've got to keep going down to the lower levels. The next page gets down to "generate employee records". That first one, sorry "ESS not being used". So while this can give you the titles of the problem areas, it doesn't provide the specifics in relation to Health, that's for sure, unless I keep going.

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Do you mind keeping going please?---Yes. Again, this isn't something that I would have seen at the time or even had a really detailed knowledge of.

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I'm not asking you about that. I'm not being critical of you?---Yes.

I just want to know for my purposes whether this is a document that could have been used to settle once and for all the arguments about scope?---I can see down as far as level 5. You'll see on page 94, for instance, level 5 talks about leave. Unless there's a level 6, just quickly jumping ahead, I can't see it. Some of the statements here aren't enough to clarify - - -

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All right?---It just gives an update leave or cancel leave application, that one. There's not much detail there.

Is there such a thing as level 6 that has a specific meaning?---This is where the business attributes document would slide in and take - under these umbrella statements, flesh it out from the Queensland Health point of view that's what it should have been looking at.

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So you say this is too general, but the business attributes document should be provide more detail?---Yes. I would have been the document that should contain the lower level. Yes.

All right. Mr Doyle, anything relating out of that?

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MR DOYLE: Yes, if I may.

Would you go to page 89 where the commissioner has taken you and we see numbers. Just take the first, level 2. The first is 2.0, manager HR and payroll services?---Yes.

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And then to the right of that it's 2.1, 2.2 and so on? 1  
---Yes.

Then to the right of that level 4 is 2.1.1 and so on, so descending degrees of specificity and if we go over the page, level 4 and 5 carry that forward. Can you turn back, please, to page 64? You'll see a tab or a heading Related Documents?---64?

COMMISSIONER: At the bottom of the page. 10

MR DOYLE: The bottom of the page?---Yes, yes.

It says, "Information sources referenced in developing this document include but were not limited to a variety of things." Right? Just if we turn the page - in fact, turn the page if you would. You'll see there's a whole series of documents which have the lower level specificity, that is, a point 1 or a point 1 point something tab. Do you follow me?---I can see the listing here. Yes. 20

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Right. So it's consistent with - I don't mean this majoratively, your speculation as to what this document means, you would need to have regard to what is shown in those other documents to understand what is contemplated by the table at which appears at page 89?---Well, that appears to be what it is saying, yes.

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All right, thank you. That is plainly not something that you have done?---No.

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THE COMMISSIONER: Sorry, what wasn't done?

MR DOYLE: You have not yourself - - -?---Me personally, no.

- - - looked at the 2.1.1.2 documents and so on - - -?  
---No.

- - - or indeed any of the subcategory documents - - -?  
---No.

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- - - to identify what it is they say is the business to be performed, the work to be performed, by the LATTICE replacement system being designed by IBM?---I certainly haven't looked at the detail to agree or not agree whether they provide the right level detail or the right information.

Or did you see what they provide at all?---Again, me personal; no.

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But your understanding of the process was that someone would do that before accepting a deliverable from IBM or before accepting a change request which suggested something was outside the scope?---Yes.

Thank you.

THE COMMISSIONER: Mr Sullivan?

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MR SULLIVAN: Thank you, Commissioner.

Could I start, Mr Price, by getting you to identify what was the position that you held within QHEST?---I was the director of QHEST.

Now, you identified an answer to counsel assisting that there were a number of other projects quite apart from the QHIC project?---Yes.

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Can you identify what those were?---There were a range of activities happening within QHEST at the time other large projects, including for instance TMS, the travel management system, for the whole of government implementing of by



Health, a record system, again being implemented for Health. An eLearning system - so there was a whole range of other projects with all their attendant committees, project teams et cetera.

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And within the position that you held, were you involved with those, each of those other projects?---Yes. Usually I would be on the board of those things and those teams would report through to me.

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If we look at the QHIC project, moving down from the position you held, who did you have immediately below you and what was that person's position?---So immediately below me there was a Queensland Health project manager. That position was held by a number of people; that would be Amanda Doughty and then Naomi (indistinct) they then had lots of people reporting to them.

If we just start with the project managers?---Yes.

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What were their general responsibilities?---They were responsible for the - organizing the teams to be able to allow Queensland Health to produce our deliverables as part of the schedule.

Now, was Terry Burns at some stage retained by Queensland Health?---Yes. When I first started, Terry Burns started at around the same time with Health and he was on the project with me for a certain period. He was working about three days a week.

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What function was he serving in that position?---In the initial stages, he was there on several things. He was called - I believe we called him be the program director and I was the project director in the sense that he was there to provide his background and knowledge of the whole of the CorpTech approach and what had happened and also with his knowledge of consulting in these large projects, to obviously mentor me through some of those things as well.

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Did he assist and advise you on the provision that you were fulfilling - at least in relation to the QHIC project? ---Yes.

Now, you referred to below or before the project manager role. Below the project manager, what were the levels that we see there?---Well, we would have team leads. For instance, we would have a team lead for HR payroll which was Damon Atzeni. We would have team lead for finance, which was Andrea Sams. We would have a team that looked after data conversion and I can't recall the person who used to run that for us. Obviously we had a team for UAT which became Brett Cowan as part of KJ Ross and all of this group supported in to Amanda and there was also the business transition team, the team that looked after

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organization change, processes, communications, things like that, training. 1

What were the qualifications of the people starting with the project manager and then the team leaders?---The project managers we employed were SAP project manager specifically employed for their experience with SAP, so they would come to us from things like Rio Tinto, BHP where they had implemented these systems across very large corporate entities. 10

Okay. And in relation to team leaders, what was the experience there?---That was specialty area people so, for instance, Andrea Sams, who was the finance lead - she was responsible for the SAP finance system in the Queensland Health before it was transferred to CorpTech a few years earlier, so she had a full understanding of finance requirements from a Queensland Health point of view. 20

When you came to performing your task in the position that you were in, what reliance did you place on the people within your departments?---Yes, I was very reliant on these people to provide me with their advice in relation to all of the technical expertise that they had in areas concerned so I relied on them very heavily. Obviously I had no view of SAP at all and so on. 30

Could you have a look at volume 9 of the bundle, please, at page 240. 30

THE COMMISSIONER: Two hundred and - - -

MR SULLIVAN: 240, Commissioner.

Do you have that, Mr Price?---Yes.

Do you see there's the 6 July 2009 memorandum?---Yes.

Could you tell the Commissioner how that document or drafting that document commenced and who was involved with it?---Okay. So once Michael Kalimnios had asked me to prepare this document, I came back to the group and called together these key people to be involved in the preparation of this document, so it involved Amanda, the project manager, Andrea Sams, Terry Burns was involved, Shaurin Shah, Roger Peterson, and each of those people had different areas of expertise, and Craig Vayo was also involved. I then put to them what we had been tasked to do and clearly the requirements to list all the issues that we had in various sections and we then broke up the task and said, "Well, you two go away and do such and such," "You go and do this bit," and then Andrea took on the role of gathering that information together and, you know, getting it on the page. 40 50

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And why did you see it as appropriate that you go to the project manager and the team leads in the section to produce this document?---They had the expertise and understanding. They were dealing on a day-to-day basis with IBM and CorpTech around all these issues and they had the real knowledge of what was actually happening.

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Was that knowledge used to put together the document? ---Yes. They applied - they came forward with all of their views and we compiled the whole thing together.

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Thank you. Can you just put that away, thank you, and then take up volume 5. I will ask you to look at page 294? ---204?

294, please?---Okay, yes.

Is this the memorandum which has got at the top 29 August 2008 as one of the dates?---Yes.

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Okay. Now, who was the author of this document?---Well, again, it's just below as Terry Burns at the bottom. He would have put this together with input from others I would imagine

Mr Burns: what was his involvement at the time that this document was drafted?---He was still at that stage, in that program director role so he was sort of equivalent to me in terms of the hierarchy.

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Now, you are signed as having cleared it?---Yes.

Why did you think it was appropriate to involve Mr Burns in the drafting of this document?---Again, his expertise in relation to the issues - particularly in some of the contractual things that had been raised was very relevant, so he took on the task of putting it together.

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Thank you. Could you put that document away, please, and could you take out volume 14? Could I ask you to look at firstly page 380? Do you have that document there?---380? That's the KJ Ross response?

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If you just turn that page over to 381 and following over to page 384, is that the response document which was prepared to be sent to the board?---Yeah, this was the directorate response to the KJ Ross report, yes.

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You were asked a number of questions about this by counsel assisting the commission, and particularly you were asked about the defect solutions management plan. Now, in response to that you said it was a living document. Can you explain to the commission what you meant by that?---The document listed out the defects as they were known at the time and when they were to be delivered into the live system. When they were delivered into the live system, then the document was adjusted to say, "This item has been implemented," so it was living in that sense, it was being updated as we went.

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At the time that the recommendation was being made to the board, what was your understanding about known defects in that document?---That document listed all the known defects at the time that we were aware of, and it showed exactly what we planned to do with them and so on, which ones had workarounds.

You were asked some questions, or you spoke about workarounds within the context of this document. Who was responsible for developing those workarounds?---There was a group of people that comprised QHEST staff, SSP and CorpTech within QHIC from IBM as necessary. Originally, what would happen is the problem that the defect was around would be looked at by the group and they would have to come up with some sort of manual way to deal with it. If that required some technical input, for instance, I'd have to write a new report or they need a new wage type created, then IBM would be involved and do that bit of work. They would then document fully what they proposed as the workaround, they would then test it and then have the Queensland Health auditors review that workaround.

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Were you in charge of driving the workarounds yourself or did somebody else have ultimate responsibility for that? ---No, well the workarounds were developed with those key people I mentioned before from CorpTech, SSP, QHEST, so under the project manager, Queensland Health project manager, and Janette Jones were the major inputs to it.

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In relation to Ms Jones, what view did you hold in relation to her competency at the time?---In relation to her - - -

Competency?---Certainly she was someone who I trusted that she knew what she was doing, that had control of the payroll, and, yes, I believed what she would tell me. 1

In terms of her nature, was she somebody who was just a yes person or would she speak up if she disagreed with proposition?---She'd be the first person to tell you if you were wrong or (indistinct).

Is that the approach she took in relation to workarounds? ---Yes. 10

Just give me a moment, Commissioner.

COMMISSIONER: Yes.

MR DOYLE: That's it. Thank you, Commissioner.

COMMISSIONER: Mr Horton? 20

MR HORTON: No questions, Mr Commissioner.

COMMISSIONER: Mr Price, thank you for your assistance. You're free to go?---Thank you.

MR HORTON: I call next, Mr Commissioner, Michael Charles Kalimnios.

**KALIMNIOS, MICHAEL CHARLES** sworn: 30

COMMISSIONER: Sit down, please. Mr Horton.

MR HORTON: You are Michael Charles Kalimnios, is that correct?---That's right.

Mr Kalimnios, you've prepared a statement, dated 12 April 2013, of some 67 paragraphs, is that correct?---That's right.

I tender Mr Kalimnios' statement with the accompanying documents. 40

COMMISSIONER: Yes, Mr Kalimnios' statement is exhibit 89.

ADMITTED AND MARKED: "EXHIBIT 89"

MR HORTON: Mr Kalimnios, do you have a copy of your statement with you?---I do.

I just want to ask you a few questions about it. The first was to confirm you were the deputy director-general of corporate services in Queensland Health from November 2005 to mid-2010?---That's correct. 50

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KALIMNIOS, M.C. XN

Did that have as part of your responsibilities, responsibility for the payroll system, in effect?---Yes. 1

You reported directly to Mr Reid, is that right?---That's correct.

And reporting to you, at least for the latter part of the payroll system implementation was Mr Adrian Shea, is that right?---That's correct. 10

Can I just take you, please, to paragraph 25 of your statement?---Yes.

This paragraph and the next paragraph refers, I think, to a briefing note which was sent to the director general about removing Queensland Health and the whole of government solution, is that right?---That's right, yes.

You, I think, say the response to it was, in effect, a no to that proposal, is that right?---That's correct, yes. 20

Did that no come from Mr Reid?---Effectively, yes.

Do you know whether before he gave that response Mr Reid consulted with anyone else at a senior level in the state government?---Yes, there was a meeting between Mr Reid and Mal Grierson, the DG of public works.

Was Mr Reid's view one which he said had been expressed by Mr Grierson, ultimately?---Basically, yes, I think we were taking direction effectively from public works. 30

Paragraph 35, Mr Kalimnios?---Yes.

And 36, 37, this is a memorandum, it's been in some recent evidence, prepared by Mr Price - - -?---Yes.

- - - and sent, as I understand it, up the line to you and Mr Shea?---Yes. 40

Do you remember receiving a copy of Mr Price's 6 July 2009 memorandum?---Yes.

Whose decision was it that, that memorandum not at least up formal channels to the minister for Health?---It was my decision.

Why did you make that decision?---Basically, on reflection I thought given the gravity of what was in the memo and what meant to escalate to a minister, that it was better to deal with it in a verbal way and in a formal sense with the director-general. 50

You said you met here, you discussed it subsequently with Mr Reid, is that correct?---That's correct, yes.

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KALIMNIOS, M.C. XN

Was Mr Shea present at that meeting?---Not that I recall. 1

Was it only Mr Reid present or were there others?---From my recollection, it was just Mr Reid.

Did you have with you at the time a hard copy of Mr Price's memorandum?---I can't be sure but I think I did, it would be

the basis of the discussion. 10

Did you ever give a copy to Mr Reid of that memorandum?  
---No.

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And summarise the discussion for us. For instance, did you read from the memorandum or did you convey the gist of it at this - - - ?---It would have been basically conveying the gist of it and using the memorandum as basically a checklist of issues to address. 1

Yes. Did Mr Reid indicate to you his attitude to the matters you were raising?---Basically, Mick found obviously the issues were fairly significant and we agreed that we should then perhaps meet again with the director-general of public works to address what we might do in moving that forward. 10

Did that ever occur?---From my recollection, yes, we then had a meeting subsequently with the DG of Public Works.

Yes. Mr Grierson at the time?---Yes, that's right.

What occurred in that meeting?---It was similar to our previous meeting that we'd had in August. Basically, all parties acknowledged there were issues and challenges and difficulties, but again we deferred to the DG of Public Works to address the issue. His view at the time was that he would deal with that through CorpTech with IBM and basically that's where the matter was left. 20

To your knowledge did Mr Price's memo or its contents come to the attention of the minister for health at any time before this system went live in March 2010?---Not to my knowledge. No. 30

Can I take you on to paragraph 41 please. We touch upon the severity of defects?---Yes.

Were you yourself involved in assessing whether defects should be reclassified in their severity?---Not directly involved, no.

Over to 42 please, paragraph 42, you mention finance system integration as having been (indistinct) severity definitions?---Yes. 40

On the basis that it did not impact net payroll production? ---Correct. Yes.

I'll just put it to you in general terms. I can take you to documents if you wish, but the criteria for defining a severity 2 was always from the outset of the master test plan only satisfied - any one of five criteria were met and one of them was net pay. Is that your understanding? ---Yes. 50

So the defect could be a severity 2 even if it did not affect net pay?---That's correct.



Yes. And IBM seemed along the line to have expressed a view that it should be limited to net pay?---Yes. 1

That view seems ultimately to have prevailed. Is that your understanding?---Yes, basically because in terms of a whole number of issues and in terms of the risk of the project continuing beyond a certain date, it was clear that if we included the finance integration as a must to, sev 2, issue to be addressed that we wouldn't meet the time frames required. 10

Yes. In a way the decisions about the severity of defects and so forth - sorry, and associated decisions - one was made on a pragmatic basis to permit the project to continue?---Correct. Yes.

You say in paragraph 46 that Mr Shea attended meetings as your proxy?---Yes.

And I think we can see in minutes it happening on a relatively frequent occasion and you say that's because of Health - or something at the time?---Yes, that's correct. 20

Yes. Could I take you finally please to paragraph 55 which talks about a possible LATTICE collapse?---Yes.

What measures have been put in place to your knowledge to prevent LATTICE failing, that is, to keep it alive long enough for a considered roll-out of the new solution? ---Basically, the support for LATTICE had expired formerly from Talent2 a couple of years before. CorpTech had implemented a project, I think, called PJ30, which is essentially trying to put together an experienced base of LATTICE users from within government to maintain and keep LATTICE going whilst we implemented the new system. It was always meant to be a short term group, but obviously it needed to operate a little bit longer than we originally planned or certainly CorpTech had planned. 30

Was it capable of continuing to do so, to your knowledge? ---The issue from my knowledge was that resources were becoming more difficult to retain within the unit for a whole number of reasons, mainly around the fact that it was old technology and obviously government was moving to new systems. Also given this was only a Queensland government developed unit, it didn't have any capability of developing or amending software to any great extent. Obviously, the system as it wore on and as the requirements to change the system became greater because - just the normal changes in the business of Queensland Health, it became a less and less viable solution for Queensland Health. 40 50

So as you approach the go live decision - - - ?---Yes.

- - - which I think is made on 14 March 2010 - - - ?---Yes.

- - - what were the primary problems which in your mind or primary risks which attended the new system in terms of its design and build?---Sorry, in terms of the new system itself what the major risks around it were?

1

Yes?---Essentially, the major risk was that throughout our testing there were a whole number of defects that normally would have been classified as severity 2 that hadn't been resolved. So we put in place defect solution management plan, I think it was called, solution and defects management plan, essentially to address those issues. The risk around that, of course, is that whilst we had done a lot of testing to ensure we had workaround to deal with those defects, whether that would ultimately have an effect on timing in order to process pay was a risk and also whether there were other defects that we hadn't discovered through our testing that may come to light after go live that would have an impact were probably the major issues.

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And you were there for the period after go live?---Yes.

20

Did you see any of those risks that you've just spoken of materialise in that immediate post go live period?---It's hard to kind of perhaps give a comprehensive answer to that because from my perspective for the first couple of weeks after the go live, the first couple of pays, it did seem that whilst we had issues, those issues were being managed adequately within the process that we'd outlined. After probably two or three pays there was a general, I suppose, increasing concern about the payroll system. There was a new project team put in place and suddenly, I think, the defect management plan and that process - I'm not saying became redundant, but it became sort of subsumed in a whole post go live implementation project that I wasn't really involved in. From my knowledge, the process that we put in place was working. My understanding was there were issues with things like Workbrain performance, if I recall correctly. There were also some issues with rostering, publishing, but they were being dealt with in the context of the normal process that we had in place to deal with those issues; certainly for the first couple of pays, anyway.

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Yes. Could I just go back to those first few pays you say that seemed to work all right?---Yes.

I mean, it's possible, isn't it, that a person doesn't complain when they get paid once wrongly or twice wrongly? There's a new system being rolled out?---Yes.

50

It will be fixed, but it only becomes the subject of complaint when it's an ongoing problem?---Absolutely. So, again, accept that and I suppose from my perspective, you need to look at the entirety of the post go live process and exactly what caused the issues and I don't have a specific understanding of that, a detailed memory.

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Thank you. That's the evidence I wish to ask of Mr Kalimnios.

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COMMISSIONER: Mr Kent, I think it was.

MR KENT: I was just having a private conversation.

Mr Kalimnios, can I just ask you about a couple of areas in your statement, in particular - do you have your statement there with you?---Yes, I do.

10

Could you have a look at paragraph 51 on page 10?---Yes.

That, and indeed the paragraphs around it, deal with the go live decision. Correct?---That's correct. Yes.

And the way you summarise it there was that the board - and that I think is the project board. Correct?---Correct. Yes.

20

Took that decision believing it to be the best in all the circumstances and you acted on a number of reports?---Yes.

That included from QHEST, IBM, CorpTech, KJ Ross and Terry Burns and Mr Shah's report. Correct?---Correct. Yes.

It was also taking into account the management system that had been organised for management defects at that stage? ---That's correct. Yes.

30

So it was understood there would be some defects, but there was a way to manage around them?---Correct. Yes.

People such as Janette Jones and her staff had worked fairly hard on addressing all of that. Correct?---Yes, our process before we accepted that a workaround would work would be to thoroughly test it and ensure that it was workable within the context of the pay - - -

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Right. At least in my version of your statement I've got a whole lot of attachments. Do you have those there?---Yes, I do.

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Can I take you, please, to the one which is entitled "MCK 17"? 1

COMMISSIONER: Is there a page number?

MR KENT: There is but I'm not sure it's helpful, the one that I had is starting at 335?---Yes, I've got it.

Are you familiar with that?---Yes. 10

This is the one, I think, from Mr Burns and Mr Shah, correct?---That's correct, yes.

Just have a look a couple of pages over at 337 - - -? ---Yes.

- - - and hopefully there's an executive summary, correct? ---Correct, yes.

And the heading there "Risk Profile of Current LATTICE ESP System"?---Yes. 20

These are the kinds of things that the board was taking into account in reaching the decision that it did?---Yes.

You'll see in the second dot point there that there's an extreme risk of system failure occurring in the future? ---Yes.

That's referring to the present LATTICE ESP system? ---That's correct, yes. 30

LATTICE payroll ESP was rostering?---That's correct, yes.

The two are inextricably linked, particularly in Queensland Health?---Yes.

If I take you down two dot points, "Complexity of the awards required by the Queensland Health payroll system are extremely difficult to build into the current system." That's correct?---Yes, that's right. 40

I'll go onto the next dot point.

*Some awards are too complex to be included in the system and require ongoing manual processes to implement, in fact some of the new complex EBAs cannot be built in the system.*

---Yes, that's right. 50

Or is referring to the existing failing LATTICE system? ---Yes, it also refers to the fact that at the time I think we were about to conclude a number of new EBAs which had a whole series of new requirements as well, so configuring

them and LATTICE would have been a challenged, if not, impossible. 1

They were in the pipeline - - -?---Correct, yes.

- - - or coming over the horizon, if my metaphor's not to tortured?---Yes.

Were they coming forward within the next few months?---Yes, basically, from memory, the period between when they were going live on 30 June was the period when those would have to be configured in the system. 10

Taking that into account, were there concerns on the board that if the system didn't go live when it did in March that there would be limited future windows for it to do so?--- Yeah, basically the sort of advice we were getting was that it did go live in March, then because of all the complexities to do with the new EB, various issues to do with year end that we probably wouldn't be able to have a viable go live date until at least September that year, and potentially longer depending on how we could restart or reboot the project. 20

Indeed, those considerations that you've just spoken of meant that, at least in one sense, you would be restarting, correct?---Yeah, one of the risks that we were certainly interested, the board, was we didn't go live because a whole series of issues, the project fatigue, project availability of resources, it would almost be like restarting the project all over again, which obviously was a risk, particularly in the context of LATTICE's stability. 30

Can I take you two pages forward to 339? A third of the way down the page there's a heading "Assessment"?---Yes.

The author says:

*Due to the extremes proposed by the present reliance on a facility to an unsupported technology in the LATTICE ESP payroll system, it's better to move to the new solution but that is reliant of the assessment by Queensland Health and CorpTech payroll groups that the new solution is operationally sustainable.* 40

Correct?---Yes, that's right.

And that's the kind of recommendation on which the board acted?---Yes, and I also both this report and the KJ Ross report, really, I suppose just solidified the thinking of the board. So it was really confirmation rather than new information, so to speak. 50

And a lot of this content was not new to the board? ---Correct, yes.

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The board and its members were aware of this as the whole thing moved forward?---That's correct, yes. 1

May I take you to the foot of that page, there's another heading of "Assessment" - - -?---Yes.

- - - which I suppose relates back to a more general heading further up, does it, the new solution because better or worse operational processes for Queensland Health fortnightly payroll cycle?---Yes. 10

And there's an assessment under that, and then at the bottom of the page the question was, "What's the Queensland Health's strategic business perspective on possibly delaying the go live further. Potential quality risks in the new solution." And what's recommended under that assessment is, firstly, reference to the complex tri-partied contractual arrangement for the prime contractor and CorpTech?---Yes. 20

So CorpTech were the contracting party?---That's correct, yes. 20

Queensland Health was in the guise of being the customer - - -?---Correct.

- - - but not contractually directly related to IBM? ---That's correct, yes.

Do you understand that to be what was being referred to by complex tri-partied contractual arrangements?---Yes. 30

The authors go on, "There'd be significant contractual and commercial challenges if it didn't go live now." Right? ---Yes.

The next paragraph was, "Project staff from all parties working on the project are fatigued, any attempt to delay and restart project phases at this stage would be detrimental to staff," and so forth?---Yes. 40

Was that another important factor?---Absolutely, yes. The staff who had been working on the project had been doing it for a long time and there certainly was a desire by many of them to move on and do other things, and they were fatigued with the extent of the delay an implementation of go live.

We've heard some evidence about this already, but there were large numbers of people working on this?---That's right, yes. 50

People were working very long hours?---Yes.

We've heard reports of 18 hour days?---Yes.

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Payroll staff working, normally, normal office hours, staying back until 3 am?---Yes, and the payroll staff particularly I think were a big issue in (indistinct) were playing a role both in the UAT testing as well as the delivery for payroll, so there was an organisational issue as well.

1

And initial payroll staff, before this all started, of 450 to 500 people expanded to up to 1000 people?---That's right, yes.

10

Over the page, please?---Yes.

Paragraph 3 of that assessment, "Rebuilding the project team again would be time consuming and expensive"?---Yes.

I suppose that's a fairly trite observation. You took that into account?---Yes, cost was always an issue.

Fourthly:

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*The financial cost of the time and morale impact on staff of developing a new solution at this stage has been extremely hard for Queensland Health. The business is now faced with a situation project exhaustion across the organisation.*

---Yes.

Does that neatly sum up the situation as you understood it? ---Yes, it does.

30

All right. To some extent, at the time it was making this decision was the project board, a little bit between a rock and a hard place?---Yes, I mean we kind of got to the point where, in my view, there was very little option, and particularly, and I need to keep re-emphasising this with our view of what the potential option was with continuing with LATTICE, which, from our perspective was an extremely high risk option. So in that context, we really, as a I say, in my view, had little option.

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But to proceed?---Correct, yes.

Just bear with me for one moment. You were asked some questions a short time ago about your experience, as you understood it, of what happened after the system did go live?---Yes.

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Is it fair to say that through the first three pay cycles the system performed okay, I use that adjective?---Yes, and again I must stress that's the view I had from a fairly removed view, but certainly in terms of the post-implementation process and the reports that were coming to me for project response it did seem payroll was working okay. There certainly were issues, there was no doubt that there were, but they seemed to be managed and the sort of advice we were getting from payroll particularly was basically wasn't anything different from what they would normally expect from being in a new system.

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Do I take it that Janette Jones was not direct report to you?---No, she reported up through the SSP through Adrian Shea then to me.

And through that conduit would you receive reports from her and - well, her in particular and payroll generally?  
---Correct, yes.

20

All right. Now, look, can I just show you a document. I'm not sure that it's part of the tender bundle yet, commissioner, but it's the exhibit that's marked to Mr Reid's statement that we've been given. I just wanted to have this witness comment on it. I think it's MR1 to Mr Reid's statement.

COMMISSIONER: Is that the briefing note?

MR KENT: Yes. I don't think it's in the tendered bundle, but I'll just show it to the witness.

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COMMISSIONER: Yes. Mr Horton, (indistinct).

MR KENT: I think so.

MR HORTON: Yes, thank you.

MR KENT: I'm hoping you've seen this before, although I've just sprung it onto your person. Could you just have a look at it.

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COMMISSIONER: Mr Horton, have you got a copy for me?

MR HORTON: Yes, I'll give you this one, Mr Commissioner; we can arrange another one.

MR KENT: Perhaps you have it?---No, I'm not - no, I can't recall ever seeing this before.

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MR HORTON: Look, I'll just ask you about a couple of propositions and it may or may not be familiar to you. I'm hoping that they are. I just say that for the record the note we're talking about it's a Queensland Health brief for note on 11 April 2010 to the director-general of Department



of Premier and Cabinet from the director-general of Queensland Health. Dealing with this topic generally, for the first page there's details of the first pay run for the new system processed on 23 March 2010 and dealing with the adjustments prior the third dot point at the foot of the page says, in total, the adjustments represented \$14.5 million runs effective in the first pay run, this represents approximately seven per cent of Queensland Health's total pay run?---Yes.

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Is that the kind of feedback that you were receiving up the line?---Yes, that's right.

10

Look over the page, please, page 2 of five. This is a short commentary on the second pay run?---Yes.

Processed 7 April. The third dot point - sorry, the second one says in the second pay run 282 staff received no or minimum pay?---Yes.

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And the third dot point says, "This represents \$3.6 million worth of funds effective in the second pay run representing approximately 1.7 per cent of the Queensland Health total pay run"?---Yes.

Towards the bottom of the page, it's dealing with the third pay run processed 18 April. It said that, "By the relevant pay period, that relevant 9000 adjustments will be reduced to the normal level, that is 3000 to 4000 adjustments required. This enabled payroll to be as clean as possible and as existed with the previous system." Do you see that there?---Yes, I do.

30

Was that your understanding at the time?---Yes. Again, I can't verify the numbers but certainly the advice was to payroll the situation was improved, which that basically indicates.

As you understood it, after that time, did the problems with the payroll system receive a lot of media coverage? ---They did, yes.

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Did this generate a lot of claims by staff for payroll adjustments including a lot of historical claims?---Again, I'm going to answer that anecdotally because I don't have a direct knowledge about that, but certainly there's been feedback about staff blaming the current payroll system for things that really had occurred over an historical period, but as I say I don't have any direct knowledge of that.

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You didn't have - you weren't at the cold face of that? ---No.

Someone like Janette Jones was?---Yes, that was Janette's role.

Commissioner, I've shown that to the witness. Perhaps I should tender it now. 1

COMMISSIONER: Well, no, it's not - I think if we all recall, it's a document you've asked Mr Kalimnios about is attachment 1 to Mr Reid's statement.

MR KENT: Thank you. I have no further questions.

COMMISSIONER: Mr Kalimnios, can I ask you, if the payroll, the new system was going as well as you were told at the time this note seems to suggest, why was the payroll stabilisation program established?---Basically, again, there was a view at the time that the payroll wasn't performing one, and that was resulted, I think, of feedback from the CEs of the Health services were getting a lot of inquiry, quite negative inquiry from their own staff, so at that time I think the director-general decided that was significant enough to put in place the payroll stabilisation project. My view at the time was that we needed to continue with our post implementation process; however, I absolutely acknowledge that the source of queries and concerns that we were getting from staff didn't necessarily or didn't stack up with the new payroll was getting better. There was a certainly a perception that people weren't getting paid, it was getting worse and the situation was not under control. And quite appropriately, you know, it's the DG's prerogative, it's the DG who decided to implement a process to effect that and it was the payroll stabilisation project. 10  
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COMMISSIONER: Thank you. Now, Mr Ambrose?

MR AMBROSE: Thank you. Could the witness be shown volume 5 at page 294?---294?

294, yes?---Yes, I've got it.

Now, down the bottom it's got the author's name, Mr Terry Burns?---Yes. 40

And then it's got cleared by - - -?---Yes.

- - - Anthony Price and then cleared by yourself?---That's correct, yes.

Can you just help me, please, what does "cleared by" actually mean?---Basically the process, and I think it's a standard sort of process, is the author would produce the brief, he would then go off to the supervisor and chain of command, if you like. In this case, Terry would have sent it to Tony, he would review it and make sure the content was appropriate, that it was supported and it would send it up to me and I would do the same thing before sending it on to the director-general. 50

All right. So do I understand that you actually supported the briefing note for approval, that you were seeking the director-general's approval of the recommendations?  
---That's correct. 1

All right. And the first one was that Queensland Health separates itself from CorpTech - from the CorpTech driven whole of government program immediately, et cetera?---Yes.

Now, if you have a look at the front page and the stamps - - -?---Yes. 10

- - - there's a larger stamp, if you like, immediately under 29 August - - -?---Yes.

- - - 2000. By that time, your director-general had been in the possession a couple of months?---Correct, yes.

And on the basis of receiving this briefing note for approval - - -?---Yes. 20

- - - it would seem that he circled that further information was required?---Yes.

That would indicate that he wasn't prepared to approve it on the basis of the - - -?---Correct, yes, that's right.

- - - material in this briefing note?---Yes.

All right. So then presumably - I can see that's dated 3 September, I think?---Yes, that's right, yes. 30

Then there's a second stamp dated 4 September and that seems to be, "Michael, as discussed, this a.m." and then it looks like the initials of Mr Reid?---Correct, yes.

Do I understand that to be that when the director-general first saw it on the third, he then asked to speak to you about it, you spoke with him about it and that was discussed in the morning of the 4th but that he wasn't persuaded to approve these recommendations?---Yes, certainly there's no approval on the document, and, again, I can't remember the exact sequence of events but that's basically the flow, yes. 40

But Mr Reid, I think, did agree to discuss it with the director-general of Public Works?---Correct, yes.

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And that was done in your presence, I think. Is that right?---Correct. Yes. 1

And then on yet another occasion I think your evidence is that Mr Reid and yourself met again with Mr Grierson, the director-general of public works - - - ?---Yes.

- - - where Queensland Health's position as it saw it was put to the director-general of public works?---Yes, that's right. 10

Mr Grierson was unpersuaded at that stage that the recommendations that Queensland Health separate itself from the whole of government should go ahead?---Yes. Generally, it was a view that was pretty consistent this was a whole of government implementation, CorpTech the contractor, and we needed to manage under that framework.

Given that CorpTech was the customer - - - ?---Yes. 20

- - - and a party to the contract and Queensland Health wasn't, that's perfectly consistent - - - ?---In terms of the legal structure, absolutely, yes, and I think that's what was being reinforced.

Yes, thank you.

COMMISSIONER: Mr Sullivan?

MR SULLIVAN: Could I ask Mr Kalimnios to look at volume 9 of the bundle. Thank you. 30

Mr Kalimnios, at page 240?---Yes, I've got it.

You see that it's a memo of 6 July 2009?---Yes.

Mr Kalimnios, do you recall before this note was produced that you had discussed with Mr Price about producing a memo along these lines?---Yes. 40

Can you recall what you told Mr Price in that respect? ---Not specifically, but again I think at this point in time it was really about trying to get a summarised view of where we were, what the issues were and what the challenges were so that could be worked upwards.

COMMISSIONER: What did you hope would come from this memo?---Again, from recollection, it was kind of at the point of, I suppose in a sense - and I use this term advisedly - sort of the last throw of the dice in terms of the project still had issues. We still had problems in our perspective from the relationship between us, IBM and CorpTech and how that was operating. The system wasn't being delivered. We thought it would be more effective if we were to take a direct control of that and perhaps look at doing things differently. So it was really just to try 50

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and sort of identify where we're at, what we're trying to - 1  
what our challenges, issues were and perhaps trying to get  
a discussion at a senior level about how we might move  
forward with that.

You knew what the problems were and you knew what the risks  
were?---Yes.

So what did you hope that this would achieve in terms of 10  
addressing the problems and the risks?---It was probably  
escalating it to the final senior level, ministerial level,  
which again as I've said before, I had second thoughts  
about that but - - -

I understand that. But what did you hope the ministers  
would do?---Basically, make some decisions about whether we  
continue with IBM and whether we stop the contract and,  
indeed, reform the contract as a Queensland Health contract  
with us as the contractor and the client. 20

So in a sense to renegotiate the contract with IBM and  
Queensland Health?---Yes. It was really - - - 20

Or bring the contract to an end and - - - ?---Correct.

And then what?---Well, we had had all sorts of discussions  
internally in Queensland Health about contingency plans,  
about things that we may be able to put in place quickly  
around both the rostering system and the payroll system to 30  
give us some time to move forward. Again, at this stage  
we're talking about mid 2009. It really was at a point  
beyond this where we were kind of locked in to progressing  
with the current solution if we didn't take a different  
direction and you could argue that even at this point it  
may have been too late and that would have been part of the  
risk assessment that we would have to undertake if this was  
a viable solution and moving forward. It really was a  
restatement of what we discussed about a year earlier in  
August. It was the same kind of issues that really from my 40  
perspective hadn't really been adequately resolved as we  
moved forward. 40

Thank you.

MR SULLIVAN: Thank you, commissioner. That's what I was  
going to move to on the same issue that you dealt with.

Could you just turn to page 245 and you'll see there was  
the issue of governance?---Yes. 50

What were your concerns at the time in relation to the  
governance situation which existed in relation to the QHIC  
project?---Oh, look, in broad terms it was really about the  
fact that we had three parties to this process and clearly  
the two direct parties were IBM and Queensland Health. We  
were getting the system and we were responsible for the

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outcomes of that. It was obviously a fairly large and significant part of the business in terms of payroll system and IBM were to deliver that. CorpTech, in the middle of that, whilst they were obviously looking after the interests of government from a whole of government perspective and under the Shared Services initiative, from our perspective really didn't add significant value in being able to manage that in a proactive and agile way from Queensland Health's perspective. It just created another process that we had to manage through that was causing all sorts of delays and, in our view, issues in terms of effectively managing IBM as the program deliverer.

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What effect, in your view, did CorpTech as the contracting party, as opposed to Queensland Health as the contracting party, have in relation to delivering the project?---Well, basically, from our perspective we believe there were a series of delays and issues that could have been better managed by Queensland Health as the contractor rather than having to manage them through CorpTech. CorpTech - and, again, I have no transparency of discussions or issues at CorpTech - took, in my view, a very particular stance in dealing with IBM and what we saw as issues. We perhaps would have had a different perspective in dealing with those from a Queensland Health point of view.

20

In terms of governance, was that one of the issues you raised with Mr Reid when you had the discussion about the contents of this document?---Yes. Yes, it would have been. Again, that was a constant theme that Mick and I would - you know, I had regular briefings with Mick and that was a constant theme we would discuss in greater or less detail.

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I just want to explore that with you slightly more. So was that before a document had been drafted you raised that with Mr Reid previously?---Yes. Really back from August 2008 when the original brief had been put up. It was a constant theme and, you know, from time to time during that period that situation improved or deteriorated, depending on the particular times and circumstances we were dealing with, but the overall theme was that it would have been much more efficient and effective from QH's point of view to be the contractor and that was a constant source of difficulty for us.

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I was just going to ask one final question in relation to that. Going right back to that August 2008 memo, is it your recollection that you raised the governance issue as far back as that point?---Yes.

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And the types of issues that are dealt with in this document, I take it on other occasions Mr Price would speak to you about these issues?---Yes, absolutely. Yes.

And would you hold regular meetings, say, once a month or twice a month in relation to this project with Mr Price?  
---From memory, yes, I did have direct meetings with Tony.  
Yes.

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Mr Price kept you informed of the progress and so forth of those meetings?---Yes, very much so. Yes.

No further questions. Thank you very much.

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COMMISSIONER: Thank you. Mr Doyle?

MR DOYLE: Do you have your statement with you, Mr Kalimnios? You'll need it?---Yes, I do.

COMMISSIONER: Sorry, what volume?

MR DOYLE: His statement. Just the statement itself not (indistinct) exhibits.

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You knew from the outset of this project, the LATTICE replacement, that it was intended to be an interim replacement of the LATTICE payroll system only?---Yes.

With minimum functionality?---Yes. It was a like replacement. Yes.

That is the like to which it is being compared is the LATTICE itself?---Correct. Yes.

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Which has a whole series of workarounds - hundreds of workarounds?---Yes, that's correct.

And you were contemplating getting something which would, in effect, provide you with minimum functionality to get you through until the whole of government regime could be rolled out?---Effectively, yes, and that was driven by, as we've said before, the LATTICE. Yes.

So it certainly wasn't your expectation that the interim LATTICE replacement system that you would get would be one which would be wholly automated and for which there would be no workarounds?---I think it's fair to say that we expected to have a solution that would significantly reduce the number of workarounds that were currently being experienced in LATTICE, but it was always acknowledged that we had a very complex payroll system. The whole idea of the LATTICE implementation of QHIC solution was it was only the first bit that just focused on payroll and then there would be a second implementation which dealt with end-to-end business process and other enhancements of the system. That's correct.

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Would you accept this that your expectation or your hope, anyway, that it would have fewer workarounds - - - ?---Yes.

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- - - but never was it your understanding there would be a wholly automated system for which there would be no workarounds?---That's probably a fair comment given the complexity of the Queensland Health system.

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Until the whole of government - whole thing was rolled out at some time in the future?---I'd probably qualify it by saying even when the whole thing was rolled out, I would have an expectation there would still be workarounds in Queensland Health.

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Very good. Thank you. Now, would you go, please, to your statement now?---Yes. **1**

You have helpfully divided it into years. In 2007, I want to direct your attention to paragraph 14 where you refer to statement of works 7, 8 and 8A?---Paragraph 14?

14?---Yes.

In fact, some of those might be early 2008 documents but that's not relevant?---Yes. **10**

That's the period we're talking about there?---Yes.

Now, did you have a role in reviewing and approving the form of statement of work 7, 8A or 8?---No, I didn't.

Did you read them contemporaneously (indistinct)?---I probably did but I can't specifically recall doing that, but I suspect I did. **20**

You suspect you did. If you turn across them to the next page?---Yes.

To paragraph 18?---Yes.

You list a whole series of other documents, change requests to various numbers?---Yes.

And you tell us that you had no involvement in the drafting of the agreement of them?---Yes, that's right. **30**

But I gather you would have read them contemporaneously with them coming out so to speak?---Yes, yes.

Since after (indistinct)?---Yes. And making that obviously in the context of the contractual arrangements with drafting them or not with all my contract - - -

Is that true of all change requests?---That's right, yes. **40**

Not just these numbered ones?---Yes, that's right.

Then go to paragraph 21 where you refer to statement of work 8?---Yes.

And you have given us a date there. Again, we won't dwell on that right away. Paragraph 22 you say, you considered statement of work 7, 8 and 8A adequately set out IBM's obligations?---Yes. **50**

Do you see that?---Yes.

And my view and the view of my colleagues was that Queensland Health's requirements had been adequately defined in statement of work 8?---Yes.

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It's doing the best you can, I know it's hard now. When you read that document back in April 2008, you said to yourself and your colleague said to you, "That adequately defines what we're expecting"?---Yes, that's right.

1

Thank you. Now, if you go then to paragraph 24 - - -?  
---Yes.

- - - I will take you to it if we need to. There's a letter written by you to Ms Perrott dealing with a delay notice that was received by IBM?---Yes.

10

Would it be right to say you have no direct knowledge of the matter set out in that letter but rather you relied upon what was said to you about things?---Yes, that's correct.

Is the same true of the briefing note to which you refer in the next paragraph, the 29 August 08 document?---Yes, that's right, even though I would say for both of those, they were certainly consistent with the advice that I was had been provided but they weren't new issues to me, I was being advised in terms of preparation.

20

Thank you. Indeed you say in paragraph 26 of the August document - - -?---Yes.

- - - that it is something that you have no direct knowledge?---Yes.

30

And the advice that you were receiving included from Mr Price?---That's correct.

It was essentially from Mr Price?---Yes, that's right.

Thank you. Was the same also true of the 6 July briefing note to which our friend took you to a moment ago?---Yes. Yes.

Relying upon what Mr Price has said to you?---Yes. And again, I should point that's probably true of the whole project. Obviously my role was to take advice from others and make assessments about that advice.

40

All right, thank you for that. If we were to look at particular documents, particularly technical documents?---Yes.

Documents which describe the functionality which the system is to fulfill?---Yes.

50

The coding or specification and so on, that is not something that you would have been looking at back in 2007, 8, 9?---No. No.

And even if you did, you probably wouldn't understand what it meant in part?---No. 1

Tell me if this is wrong?---Yes.

You would have looked at the contractual variation documents, that is the change requests, but probably not the underlying documents which lead to them?---Very much so, yes. That's right. 10

You're agreeing with me; you probably looked at the change requests - - -?---Yes.

- - - but not the antecedence?---Correct, yes.

Nor indeed as you know the statement of works contemplate the provision by IBM of things called deliverables?---Yes.

Which essentially take the form of documents identified what it has done or what it is to do?---Correct, yes. 20

And it was no part of your job to examine the deliverables for their acceptability?---No.

And you didn't do that?---No.

Thank you. In the course of your time at Queensland Health, you know an issue arose as to things which were identified as defects as a result of some user acceptance testing?---Yes. 30

And do you know that user acceptance testing was being conducted by or for Queensland Health?---Yes.

You know that - if you can recall this, that there was at least an issue as to whether some things were being called defects that weren't really?---Yes, I was aware of that, yes.

Either because they weren't defects at all or because there was a dispute as to whether they were within scope or outside scope?---Yes, and I think there was also a third element to that, whether they had been classified correctly or whether they really were a severity 2 or a severity threat. 40

Right?---That kind of thing.

Thank you. And you know that was, without going into detail, you were at least conscious of there being a great deal of debate about that?---Yes. 50

And ultimately there was a decision made to proceed to go live on the basis of the identification of particular defects and dealing with them by a management plan of some kind? ---Correct, yes.

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Which you read, I take it?---Yes, yes. 1

And you were content that as far as you could tell adequately dealt with the defects which had been identified?---One of the assurances that we really did require before we made the go live decision is that the defect management plan was appropriate, yes.

And within - tell me, please, can you recall within Queensland Health itself there were workshops held within payroll?---Yes. 10

To identify the issue, the particular defects as they were called and to work out how serious they were or how minor they were?---Yes.

To work out what kind of workaround, if any, could be implemented to avoid the impact of those defects?  
---Correct, yes. 20

Or whether they were things which didn't need to be worried about for some months?---That's right, yes.

That was a series of workshops within Queensland Health involving a raft of people with different expertise?  
---Correct.

In order to identify what was required and how it could be dealt with?---That's right, yes. 30

And whether you were involved in that, you were at least informed that the management plan met the requirements of the people who had attended those workshops?---That's correct. That was a key part of the discussion and the analysis of the board.

Thank you. Now, I would like help with this proposition: post 14 March 2010 - - -?---Yes.

- - - if I was an employee of Queensland Health and I was under a casual roster or a variable roster?---Yes. 40

The way in which I would get paid would be to have my roster signed by my manager or my supervisor - I suppose, fill in my form of some kind?---Yes.

Give it to my manager - you're nodding, you have got to answer audibly?---Yes.

If that was someone - as it would be - in various outlets, hospitals and medical centres and so on throughout Queensland?---Yes. 50

Have that communicated to the business office of Queensland Health?---That's correct, yes.

Either in Brisbane or in one of the hubs as they are called?---That's correct, yes. 1

Cairns, Gold Coast and so on?---Yes.

And that could be done in the post?---Yes.

Scanning it and sending it?---Yes.

Or by faxing it?---Correct. 10

And I suppose by walking in around and handing it in?---Yes.

That is in fact the system that was introduced?---That's right.

Similarly if I - having put in a roster of some kind, there was any variation to it?---Yes.

Which can happen?---Yes. 20

It's a common thing that can happen. I would have to follow the same process for a variation to that?---That's correct, yes.

If I'm a more standard employee who has got fixed hours, I would have to put in the roster once - - -?---That's right.

- - - but I would equally have to put in any variation to it?---Yes, things like leave or whatever, yes. 30

Or over-time?---Yes.

Or working on a weekend instead of a weekday and so on? ---Yes.

So for the variations, I would need to go through the process (indistinct)?---Correct. 40

Now, that was a business decision made by Queensland Health to require those things to be done?---Correct, yes.

And it was a business decision that was made to have effect from around about March 2010, isn't it?---Yes. Just to clarify that, I think that was always the business process in Queensland Health.

You're probably right?---But it was enforced as part of the introduction to the new system as being the business - - - 50

Thank you. That was the thing that I really wanted to get to. It has always been the case you had to do that but what happened at about the same time is that introduction of the LATTICE replacement system was a policy decision

that unless someone had done that, they wouldn't get paid the variation?---Yes.

1

They wouldn't get paid?---Yes.

Unless and until that occurred?---Yes, and that was a big focus of our discussion and roll-out plan with costs and managers, payroll managers, managers generally that that now would have to occur which would be - it was a clear business decision that that would occur.

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I have no doubt about that. In other words, you forecast to managers so they would pass it onto their staff, that would be done?---Correct.

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But the change in focus, if you like, that, "You're not going to get paid unless it's done," was something that coincided with the introduction of the new system?---That's right, yes.

1

In fact - - -

COMMISSIONER: Was that charge forecast, was IBM told about that?---In terms of the change in business process?

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Yes?---I can't specifically remember. As I say, it was always the business process, it was more about an internal application of that rather than anything to do particularly with the system itself. It was always a requirement that if you didn't fill in a roster, basically, that basically you wouldn't get paid, so there had to be a roster to be generated. Because of the control environment in LATTICE, that always wasn't enforced. It needed to be enforced for a whole number of reasons in terms of just good, sound business practice but also the voracity and I suppose structure of SAP itself, a quite sophisticated and a fairly well developed system that required a bit more rigor, or a lot more rigor than the LATTICE system did.

20

MR DOYLE: Indeed, you know, don't you, a lot of the complaints that came in were in respect of people for whom rosters or changes to those had not be submitted, or had not be submitted at the time?---Again, I don't have direct knowledge but certainly that seemed to be a part of the issue, absolutely.

30

And you also know that there was a lot of people who were - perhaps you know - a lot of people who were complaining in respect of non-payment of sums which related to periods served whilst LATTICE was operating?---Again, as I said before, I don't have direct knowledge of that but certainly there anecdotal stuff indicated to me that was the case. The go live with the new system served to bring forward a whole series of long standing issues with payroll.

40

Sorry, would you mind just saying that again?---The introduction of the new system brought forward a whole series of long standing issues associated with payroll being prosecuted by staff, so, you know, "I hadn't been paid in 2003 something," you know, those kinds of issues right through to quite legitimate and series issues that were really LATTICE related rather than the new system related. As I understand it, as I say, I don't have direct visibility of that because (indistinct) payroll issue.

50

Just in respect of that, would the person who would have, in your experience, the best knowledge of that be Ms Jones? ---Certainly, as director of payroll, yes.

It would be something she'd have hands-on knowledge that you lack?---Yes.

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All right. Thank you. There was a help line set up for people to ring up and complain?---Yes, that's correct. 1

Ring up and record their complaints?---Yes.

And external call centre operators were engaged to conduct that - - - -?---Yes.

- - - outside Queensland Health?---Yes. 10

Do you recall when that was done?---I can't recall specifically, and, again, that was done under the officers of the PSP, so to speak, and I had little involvement with the setup or structure of that. I remember it happening because obviously I was involved in a kind of more operational way with payroll at that stage, but I can't specifically remember when.

If the go live was 14 March, was it within a week or two weeks or 10 weeks?---No, it was certainly after the third or fourth payroll, maybe even a little longer after that, that occurred. 20

Your recollection of at least the first three or four pay runs was they were broadly successful, no more difficult than you'd expected. Yes?---That was certainly the advice I was getting, yes.

As you'd expect, there would have been difficulties with the staff getting used to the new system?---Yes. 30

You were told what was being experienced was of that order, effectively?---Correct, yes.

Thank you. Ms Jones was, I think it's right to say, removed from her position sometime in May 2010?---That's correct, yes.

Is that your decision?---That wasn't my decision. I certainly told her of the need for her to be removed, I gave her the news obviously because she reported to me still, but that wasn't a decision that came from me. 40

Thank you, nothing further.

COMMISSIONER: Who did it come from?---If my memory serves me correctly, it was basically the director-general who advised me that I needed to move Ms Jones into another position. 50

And the reason?---The reason, again, was I think because the view was that payroll had been a "debacle", a "disaster" were the terms normally used and that obviously Janette was a fairly key figure in terms of the management and implementation, so as part of the whole issue.



Mr Kalimnios, tell me this: Mr Doyle asked you about the terms of the payroll system replacement?---Yes. 1

And it's right certainly, I think, throughout 2008 there was to be an interim replacement solution pending the whole of government roll out?---Yes.

That change, as I understand it, in the course of 2009, and sometime during that year, certainly before September, it was decided that the whole of government Shared Services Initiative would not go ahead - - -?---Yes. 10

- - - and that IBM would be limited to replacing Queensland Health payroll?---Correct.

Did that bring about any change to the - I won't use the word "scope" - to the ambit of the contract? Was it still limited on the basis that although it wasn't really interim anymore it would proceed as though it were interim with any more functionality?---Effectively, the scope in terms of it being a like for like replacement for LATTICE never changed throughout the course of the project, so it was always meant to be simply replacing a bit of software that sits in the middle of the payroll process. The actual end to end business process and the enhancement of the HR systems were things like learning development system, automated recruitment et cetera were going to be done as a separate project after that. So that, irrespective of the change in whole of government approach, for Queensland Health it was always going to be that like for like approach. In retrospect, again, because the project went over such a long time we kind of would have knew when the project started that it was going to take us three years, or whatever it ended up taking us, to do it. We probably would have started the project in a different way in terms of doing a replacement of the payroll process, but initially we thought, you know, the advice was, "This will take us six months to do," which of course (indistinct) 20

Thank you. Mr Traves? 40

MR TRAVES: Thank you, Mr Commissioner. Mr Kalimnios, some of these matters have been touched upon in your cross-examination but I'll take you to them anyway?---Yes.

Paragraphs 65 and 66, is there a change in date there that you need to make?

COMMISSIONER: Which paragraph? 50

MR TRAVES: Paragraph 65 and 66?---Yes.

Where it says, "30 June 2010," ought to say that it's 28 June 2010?---That's correct.

It's coincided more or less with the tabling of parliament of the auditor-general's report?---Yes. 1

I'd like to take you to the briefing note of the director-general cleared by you on 29 August 2008, which is at volume 5 of the documents, page 294. It's addressed by you in paragraphs 25 and 26 of your statement?---Yes.

Just to give this some context, IBM had sent a notice of delay on 15 August 2008. I don't think I need to take you to you to that?---That's correct, yes. 10

And then you'd signed a response, and Mr Doyle's asked you about this, addressed to Barbara Perrott - - -?---Yes.

- - - soon after that?---Yes.

All right. And then after that, again, came this briefing note to the director-general of 29 August 2008?---Yes. 20

Can I ask you what prompted the briefing note?---A couple of issues. Obviously, the director-general was relatively new to the part so obviously this is about bringing up to speed fairly quickly about a fairly quickly about a fairly significant issue, and obviously around that time with all those issues occurring and happening it was a critical time in the project. Again, if we were actually going to take some of the actions that were recommended we needed to take that action fairly quickly, so it was an issue that had to be briefed to the DG, in my view, fairly promptly around that period. 30

I just want you to focus for a moment, you said it was a critical time in the project?---Yes.

What do you mean by that?---Basically, we'd had this delay notice issued by IBM, the project go live had been delayed. Essentially, we were not, for all the reasons that I think we've covered, not particularly happy with the governance and the way the project was progressing so it was an opportunity to look at whether we could actually manage the project in a different way. 40

All right. And you say in your statement that the document speaks for itself, it reflects your opinions at the time? ---Correct, yes.

One of the recommendations was that QH separate itself from the whole of government project - - -?---Yes. 50

- - - and CorpTech's administration of it immediately and engage directly with the contract company?---Yes.

What was it about CorpTech's administration of the contract that you were unhappy with?---Basically, again, as I think I've mentioned before, it was really the fact that CorpTech really didn't have, in my view, a valuating role in terms of negotiations and dealing with IBM. Queensland Health was bearing the business risk and obviously receiving the benefit of the new payroll system. IBM were contracted to deliver the system. Having a third party managing contractual arrangements in the middle of that created a lack of agility, a lack of responsive and from our perspective weren't managing the contract in a more appropriate and direct way. 1  
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Was that a problem which stayed with the project until the go live decision?---Yes. Even though, as I say, as the project wore on we obviously learned to live with that and manage through that as best we could. I must say from a CorpTech point of view, I mean, they were just doing what they needed to do. 20

Mr Reid says in his statement, I can tell you, that he met with you, he thought, on about 3 September 2008?---Yes. 20

Do you recall such a meeting?---Yes.

Did you at that meeting discuss with Mr Reid the contents of the brief for noting that was discussed?---Yes.

Did you spend some time on it?---Yes. 30

Can you explain the nature of the meeting?---The nature of the meeting, again, was, as I say, a fairly significant meeting. We needed to be brought up to speed with this. There were some fairly sort of dramatic recommendations being made so I took him through the briefing, what the background was, why we wanted to move forward as it was being recommended and we agreed at the meeting that we needed to meet with the director-general of public works, which we subsequently did. 40

I note that the briefing note is marked urgent?---Yes.

Did you regard it at the time as containing matters of real substance and importance?---Yes, I did. Yes.

I'll come back to the meeting that you had subsequently with Mr Grierson, but in paragraph 27 of your statement you refer to a further briefing note for information dated 9 September 2008?---Yes. 50

Can you be sure whether or not that was sent, in fact, to Mr Reid?---I believe I did send it, but I haven't been able to find a signed note of it so I can't 100 per cent say that I've sent it. I thought I had, but given it's not signed that perhaps does create some doubt in my mind whether it was actually sent or not.

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Then in paragraph 30 of your statement you refer to a further briefing note of 29 September 2008, again to the director-general?---Yes.

1

It's suggested elsewhere in the evidence that that brief for noting is more moderate, that it's not quite so urgent? ---Essentially, that's obviously after we met with the DG of public works and whilst not being - I wouldn't call it more moderate. What I'd simply characterise that is that we'd been given a clear direction that we needed to adhere, so this was really about just getting on with business and doing what we needed to do to make the project work.

10

When you say you'd been given a clear direction - - -? ---Yes.

- - - what was the direction that you'd been given in response to your briefing note of 29 August?---Basically - and this came from Public Works, the director-general of public works, as effectively the contract is the contract and we were bound to it and we needed to get on and just make it work and that was us, CorpTech and IBM.

20

That is that there would not be a separation in accordance with the - - - ?---Correct.

- - - recommendations?---Yes. Correct.

You've referred a couple of times in your evidence to taking directions from the Department of Works, effectively?---Yes.

30

Was it your perception that Mr Reid was accepting of what he was being told by Mr Grierson?---Yes, yes.

You've been in the public service or were for a long time, Mr Kalimnios. At what point should a director-general take a matter to a minister as opposed to determine the outcome of something such as this between directors-general?---I think the DG would consider this a significant risk to his accountability as DG, a significant risk to his business and his continuity in that sense.

40

I'm not sure that quite answered my question.

COMMISSIONER: I think might in public service - - -? ---It's a hard question for me to answer about when a DG would need to escalate an issue. My view in terms of this process is this was significant enough to bring to the director-general's attention for him to deal with. How he deals with that in terms of the ministerial approach is up to him. Taking something to a minister, which is essentially a departmental operational issue, is a very significant step and, again, that's - and we'll talk about the later briefing, perhaps going on to (indistinct) and considered maybe not progressing with that.

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MR TRAVES: All right.

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COMMISSIONER: I'm not sure I quite follow. This topic was obviously one of great importance to you and in your view Queensland Health?---Yes. Yes.

You have left it to be resolved by the director-general?  
---Yes.

It didn't seem to be resolved because of the views, firmly held it seems, by the director-general of public works?  
---Yes.

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That impasse, I assume, was for Mr Reid to go to his minister?---Yes, yes. That's correct. All I'm saying is ultimately that's got to be a decision for the director-general. If you're asking me what I would have done, I'm quite happy to offer that - - -

He won't tell us?---Well, essentially, I would have gone to the minister simply because my view was that this was kind of a critical issue that needed to be resolved, not necessarily at this stage. You have to keep in mind this was always - you know, the outcomes that flowed from this was for us to get on and deliver the project. There still was an ability for us, in my view, at that time to deliver something that was viable and workable. If you're talking about 2009, it's probably a different situation where we've had another year of difficult - as I say, it's a difficult question for me to answer. I'm not the director-general. I wasn't the director-general.

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MR TRAVES: Now, looking at paragraph 26 of your statement, Mr Kalimnios, and you do say there or suggest there was a meeting with Mr Grierson and Mr Reid after the briefs for noting of August and September 2008?---Yes.

There's a reference in the last three lines on that page to a QHIC, QH only release steering committee meeting minutes, which I don't need to take you to, but it does rather corroborate the proposition that there was a meeting?---Yes, yes.

40

Do you recall there was - you were there, of course, Mr Grierson, Mr Reid and was it possible that Mr Peter Douglas, your 2IC, was also there?--- From memory, I think Peter was there as well. I can't be 100 per cent sure, but I have a recollection that Peter did come to that meeting.

Did you put to that meeting the substance of the brief for nothing of 29 August 2008?---Yes.

50

Mr Reid's attitude at that meeting?---Again, Mick was supportive of the brief, but again wanted to take direction

from Public Works, given that they were the contractor. They were the people that were responsible for the delivery on the contract.

1

What was the outcome of the meeting?---The outcome basically we were told, as I say, "Get on and make it work with both CorpTech and IBM and that the current arrangements would not change."

I want to go forward almost a year to a further brief for noting of 6 July 2009?---Yes.

10

You'll see that it's volume 9 of the documents at page 240. You deal with this brief for noting - - - ?---Yes.

- - - at paragraphs 35 and onwards?---Yes.

Can you recall what it was that prompted this document? ---Again, it was at a point in time where, you know - as I've said before, it's kind of the last throw of the dice. There had been issues. We had numerous delays and it just seemed to me to be an opportunity to escalate this at the most senior level and see if we could get some resolution of the issues that we were asked.

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All right. You've said in evidence that you did not give or send this document to Mr Reid?---That's correct. 1

But that you did have a meeting with him?---Yes, that's right.

Have you got the document there?---Yes.

Mr Reid in his statement has said that - has referred to some of the matters. I should say referred to matters which he says were discussed at that meeting?---Yes, yes. 10

So I don't need to take you to those, but can I direct your attention to the fourth dot point on page 240 and ask you whether you have a recollection of whether or you raised that matter with Mr Reid in the meeting?---My recollection is yes, I did.

Then can I take you across to page 242 and do you have a recollection of whether you raised the dot point under Project Resourcing with Mr Reid?---My recollection is I did, yes. 20

If I can take you across to page 245, the second dot point on the page under Governance, can I ask whether you have a recollection or not of whether you raised that matter? ---Yes.

All right. You said in evidence earlier it was the last roll of the dice, you thought?---Yes. 30

What did you mean by that?---Essentially, again, if we hadn't - if what this was suggesting in terms of us taking a separate direction, stopping the project, doing something alternative to what we've agreed to do over the whole of government solution, this was really the last opportunity we had to do it, given the issues that were coming in future periods with things like EB.

EB?---Enterprise bargaining; the agreements that come out of that and just generally the LATTICE support system process. 40

There's some disagreement on the evidence as to whether or not you and Mr Reid and Mr Grierson subsequently met about the matters the subject of this brief?---Yes.

How many times do you recall ever meeting with Mr Grierson? ---I could only ever remember meeting twice. 50

We've already talked about one of those?---Yes.

Was this the other?---Yes. Yes, from my recollection. Yes.

Do you recall where the meeting was?---It was in Mr Grierson's office. 1

Was it after this memo had been drafted?---That's my recollection, yes.

Did you go to the meeting with anybody? Did you walk there with anybody?---Yes, with the director-general, Mick Reid.

Where did you walk from?---From the Queensland Health building. 10

In Charlotte Street?---Yes, that's correct.

And you were there and Mr Grierson and Mr Reid. Was there anybody else there?---I can't recall if there was anyone else there. I can't remember.

Can you recall then having a discussion with the two gentlemen at the meeting?---Yes. Yes. 20

Can you recall what you discussed?---Again, it was the broad issues that were outlined in the memo. I didn't go through the memo in detail in terms of tabling this at any kind of level. It really was just looking through the issues that had been raised and in a sense it was kind of a repeat of the meeting that had happened 12 months before.

Did you raise issues about the fact that the project was not being delivered in accordance with the contract?---That was, yes, the view that I had. 30

Did you raise anything about whether CorpTech was making efforts to make IBM perform?---Yes.

Did you raise the issue of whether there were any alternatives to approach - - - ?---Yes, yes.

COMMISSIONER: What were the alternatives you raised? ---The alternatives were things like - as I say, we'd investigated alternative options particularly around the ESP system, the rostering system, and we'd spoken informally to a couple of other providers. I can't remember the name of them now, but the next generation of ESP, to see if we could do a quick solution around that. We talked about what the options were around the payroll system itself in terms of extending the LATTICE contract, whether we would re-engage with IBM around that or whether there were some other alternatives in doing some sort of quick solution around maintaining and bringing up to speed an interim payroll system. Again, as I say, 2009, it's probably arguable to say that probably the (indistinct) of that stuff and, as I said before, it was probably an assessment we would need to have made once we had some indication that this was an option for us to follow. It was fairly late in the piece. That's for sure. 40 50

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Was there some discussion about QH extracting itself from the contract?---Yes, I think so, even though again by that time it had almost been an issue that I think we'd probably resigned it was never going to happen, but certainly that was an issue discussed. Yes.

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Engaging IBM directly?---Sorry?

Engaging IBM directly?---Yes, yes.

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Or engaging another contractor?---Yes.

Was there some discussion about Workbrain?---Yes, I think so, from memory. I'm not quite sure on that one, to be honest.

How did the meeting end up? What was the - - - ?---Again, as I say, it was kind of like a rerun of the meeting 12 months before in the sense that, again, it was made clear to both of us that, you know, the contract was the contract. We needed to get on and manage the contract as it was. Certainly, Mal, as I recall it, did undertake to talk directly to IBM at a senior level and my understanding is - and I have no direct knowledge of this - that Mal had a number of conversations at a senior level with IBM, but apart from that we basically needed to get on and implement the system.

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Can you give some sense of the respective positions at QH and the Department of Works?---Well, our view, again as I say, is that we weren't comfortable or satisfied that the project was - - -

30

Sorry. At the meeting, can you give us some sense of the respective positions?---I see. Yes. Very much from QH's perspective, broadly speaking, I think it was really about taking advice directly from Public Works; that we were prepared as a department to accept the advice given by Mal ad the contractor.

40

Have you had a chance to - in his statement Mr Reid identifies a number of technical defects - - - ?---Yes.

- - - in the context of your dismissal?---Yes, yes.

Have you seen a reason for your dismissal before that? ---No. That's the first time I've seen the detail about my termination.

50

Have you any idea - do you have the technical expertise to understand each of those subparagraphs - in paragraph 56?  
---No.

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Is there anything in Mr Reid's background that suggests that he might?---Not that I'm aware of, but I don't have detailed knowledge of his background.

Can you say whether or not the director-general was aware of the issue of structure, that is, that QH was not IBM's client and that presented problems? I'm talking not just about the two (indistinct) but more generally was that a matter of discussion between you?---Yes, Nick and I had regular monthly meetings and part of that was certainly regular update around payroll, and sometimes that featured more heavily than other times, of course, depending on other issues being discussed, and the issue of CorpTech, IBM and Queensland Health's relationship featured a lot in those discussions, from my recollection, so, yes.

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Did you make Mr Reid aware that there were serious issues about the quality of the product, delays, increased cost and so on?---Yes, absolutely.

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In his statement, he says in his last sentence at paragraph 26 that his opinion was that things were progressing and the issues were being resolved?---Yes.

Is that a conclusion, in your view, that he was entitled to reach knowing what you had told him?---Not necessarily, even though obviously my advice to Nick was that, you know, we had a viable solution to go live with, be he certainly was made aware of the risks with that and that there were challenges around, you know, the defects and those kinds of things. It would be unfair to say that I didn't give Nick confidence that the go live decision was a viable decision, but it was within the context of that this could fail and there's issues with that.

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What were the risk of which you made him aware?---Again, basically that we had defects, we had a defect management plan, we had workarounds, and, again, I wouldn't have gone into specific details around that with Nick but just the broad framework of that.

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All right. My learned friend, Mr Kent, took you to a report which was the QHIC final solution risk assessment report - - -?---Yes.

- - - which is part of the annexures to your statement, and I'll take you back to your statement, if I may, for ease of reference. Could you go to page 293 of the exhibits to that? I'm sorry, 289, if would go first, which I'll tell you what the document is. That's the KJ Ross report of 23 January 2010?---Yes.

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KALIMNIOS, M.C. XXN

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And there was just one other passage particularly that I wish to draw your attention to, in fact, two that'll be in similar terms. About two-thirds of the way down the page on 293, "It is the recommendation of KJ Ross that the project has derived as much benefit from UAT as is possible"?---Yes.

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And then - - -

COMMISSIONER: Mr Traves, what's the - - -

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MR TRAVES: Pardon me. Paragraph commencing two-thirds of the way down the page, "It is the recommendation of KJ Ross".

COMMISSIONER: Yes, thank you. What did you understand from that?---Basically, that the process that KJ Ross had gone through had come to its end of usefulness and that the risk of moving forward was warranted in terms of the go live decision.

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Again, at page 313, under the heading "Recommendation"? ---Yes.

One final question: the relationship and the interaction between the project directorate and the board, could you explain that?---Basically, the project directorate obviously was responsible for the delivery of the project and overseen that process, and the representatives of CorpTech, IBM and Queensland Health. Effectively, the majority of our advice, in fact all of our advice in terms of the project, the issues around it and how that was being managed came back through the project directorate.

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All right. Did the board rely upon what it was being told by the project directorate?---Yes.

And I know you don't mean to shirk such responsibility as is yours, and you've made that clear in your statement, paragraph 46, but wasn't the project directorate better placed than the board to understand the true state of the project and the risks in relation to it?---Yes, I mean from the board's perspective, we were relying on them to provide, as you say, the true status of the project or the risk associated with that. Our role in the board was to then take that information and make a broad assessment based on the organisation priority and needs.

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Were all important decisions, indeed, all decisions of the board, made upon the recommendation of the project directorate?---Yes, I can't think of an instance where the board went against the recommendation of the project directorate.

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Thank you, Mr Commissioner.

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KALIMNIOS, M.C. XXN

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COMMISSIONER: Mr Kalimnios, I understand that last point you're making. Those further down the line seem to take the view - the problems they raised and the difficulties they saw with going ahead were raised with you and MR Shea?---Yes. 1

They seemed, on occasion, to recommend that the project not go ahead. You've told us what happened at your level? ---Yes. 10

Do you accept that, that they say they felt under pressure to go ahead with the project risks, difficulties and all - - -?---Yes

- - - because when they raised the problems they met a polite negative?---Yes.

From that point of view, that's fair enough I suppose? ---Absolutely, my role as project sponsor and certainly my role in Queensland Health was to take in issues that were raised by the project directorate in that sense, and others, and resolve them. So in terms of the progression of a project (indistinct) resolve them appropriately, that is my responsibility. Again, the other point I'd make is that - - - 20

You tell us what happened when you raised it?---Yes, but from their perspective, absolutely, they were dealing, I suppose - well, I think I was dealing - and they were just being good public servants and doing what they were directed to do after raising appropriate concerns. That's the kind of process that existed. 30

Mr Traves, do you want to ask any further questions?

MR TRAVES: No, thank you.

COMMISSIONER: Mr Horton?

MR HORTON: No questions, Mr Commissioner. 40

COMMISSIONER: Mr Kalimnios, thank you very much for your assistance and participation today?---Thank you.

Much appreciated.

WITNESS WITHDREW

COMMISSIONER: Can we fill in three minutes usefully? 50

MR HORTON: If Mr Shea's here, I'm not sure that he's - - -

COMMISSIONER: Mr Kent's keen to draw stumps. Mr Shea tomorrow morning?

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MR HORTON: Mr Shea tomorrow morning and then Mr Reid straight after Mr Shea. 1

COMMISSIONER: All right. Thank you. We'll adjourn then until 10.00 tomorrow.

THE COMMISSION ADJOURNED AT 4.32 PM UNTIL TUESDAY, 30 APRIL 2013

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HORTON, MR

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