

**Queensland Health Payroll System Commission of Inquiry**

**Supplemental Statement of The Honourable Robert Evan Schwarten**

I, Robert Evan Schwarten, of c/o Cranston McEachern, Lawyers, Level 8, 388 Queen Street, Brisbane, in the State of Queensland state:

1. Since being interviewed by the Commission of Inquiry staff regarding the preparation of my first statement, the Commission of Inquiry (COI) has drawn to my attention a file note dated 19 August 2010 of Mr Jeremy Charlston of Clayton Utz Solicitors (Volume 3, page 150 of the settlement bundle).
2. That file note is said to be a record of a telephone conversation between Mr Charlston and Mr James Brown. Mr Brown held a senior position in Corptech which was the body managing the Queensland Health Payroll System.
3. My meetings regarding these matters were with the Director General and Associate Director General. As far as I recall, I have never had a formal meeting with Mr Brown regarding any of the matters concerning the Queensland Health Payroll System. To the best of my knowledge, I have not seen the file note dated 19 August 2010 prior to its being drawn to my attention by the COI, nor have its contents been raised with me previously.
4. I am informed by my solicitor that COI staff have indicated in an email dated 22 May 2013 that Counsel assisting the Commission wishes to question me about the file note and in particular paragraphs 2, 4F, 6 and 8; accordingly, I set out my observations on those paragraphs hereunder.

**General Observations**

5. The file note sets out a hearsay account of the opinions and observations of Mr Brown. The relevant principles are found not in this document but in the Cabinet Budget

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Review Committee (CBRC) Decisions of 22 July 2010 and 26 August 2010 and the CBRC submissions leading to those decisions.

6. The alleged telephone conversation is almost one month after the CBRC Decision No 3019 (Submission No: 3962) which records the State's decision to settle the dispute with IBM concerning the Queensland Health Payroll System. Mr Grierson, Director General, was authorised by CBRC to seek a settlement and lead negotiation pursuing settlement as a preferred option.
7. The alleged conversation appears to have occurred in the lead up to the subsequent CBRC decision of 26 August 2010 in this matter.

**Paragraph 2**

8. The reference in paragraph 2 to the State wanting IBM to finish the contract is consistent with the CBRC Decision of 22 July 2010 and Crown Law's advice of 23 June 2010.
9. The reference to there being '*not enough confidence in Corptech to support the system*' reflects a concern regarding the importance of maintaining continuity of the support being provided by IBM, as set out in the report of 21 July 2010 of KPMG Advisory to the Department of Premier & Cabinet.
10. The reference to the possibility of IBM suing the State is consistent with the scenario foreshadowed in Crown Law's advice of 23 June 2010 referred to at paragraph 28 of my previous statement.

**Paragraph 4**

11. Mr Brown is said to have referred to what he understood to be a number of key principles. Relevant principles which governed the actions of the State were as follows:

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- a. The proposed contract negotiation parameters approved by the CBRC on 22 July 2010 at item 3 (COI settlement bundle, **Volume 2, pages 226 and 239-240**);
  - b. The proposed settlement principles set out in attachment 1(a) to the CBRC submission dated 23 August 2010.
12. The latter principles arose out of the negotiations between the State and IBM which Director General Grierson had been authorised to lead by the CBRC Decision of 22 July 2010.
13. I had confidence at all material times and continue to have confidence in the experience and expertise of Director General Grierson to conduct those negotiations and to seek to arrive at a settlement.
14. The final terms of the Supplemental Agreement reflected an earnest attempt to resolve these difficult issues in the public interest in accordance with the experience and expert advice of Director General Grierson.

**Paragraph 6**

15. I am not aware of the basis for any of the opinions expressed by Mr Brown as referenced at paragraph 6. I do not share those opinions. Such opinions fail to take into account the possible negative outcomes which might flow from a collapse of the Queensland Health payroll system, including the non-payment of staff, possible industrial action and disruption to health services. I approached decision making as a Minister and as a member of the CBRC in good faith, attempting to arrive at the least detrimental outcome in the public interest on an issue which had become seriously problematic.

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**Paragraph 8**

16. The reference to the CBRC's proposed consideration of the matter appears to be consistent with the CBRC's Decision No 3040 dated 26 August 2010 to which I referred at paragraph 36 of my previous statement.

This supplemental written statement by me dated ..... and contained in the pages numbered 1 to 3 is true and correct to the best of my knowledge and belief.

*[Handwritten Signature]*.....Signature

Signed at *[Handwritten: Rockhampton]* this ..... day of May 2013

Witnessed

*[Handwritten Signature]*.....*[Handwritten: CDU]* Signature

Name *[Handwritten: Debra Wickerson]* Address *[Handwritten: 195 Upper Dawson Road]*  
*[Handwritten: CDU 53919]* *[Handwritten: Alkinstow QLD 4700]*

Signature.....

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