



SPARK AND CANNON

TRANSCRIPT OF PROCEEDINGS

Telephone:

Adelaide	(08) 8110 8999
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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

MR P. FLANAGAN SC, Counsel Assisting
MR J. HORTON, Counsel Assisting
MS A. NICHOLAS, Counsel Assisting

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 11/04/2013

Continued from 10/04/13

DAY 14

WARNING: The publication of information or details likely to lead to the identification of persons in some proceedings is a criminal offence. This is so particularly in relation to the identification of children who are involved in criminal proceedings or proceedings for their protection under the *Child Protection Act 1999*, and complaints in criminal sexual offences, but is not limited to those categories. You may wish to seek legal advice before giving others access to the details of any person named in these proceedings.

THE COMMISSION COMMENCED AT 10.05 AM

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COMMISSIONER: Yes, Mr Flanagan?

MR FLANAGAN: Before I commence, Mr Commissioner, in relation to exhibit 45, which are the electronic attachments to exhibit 44, may we ask that you make an order in terms of this draft?

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COMMISSIONER: Yes, very well. I order that exhibit 45, being the electronic attachments to exhibit 44, not be published without further order.

MR FLANAGAN: Thank you.

Mr Burns, yesterday we established that for your May 2007 review you were engaged through Information Professionals, Mr Mark Nicholls. Yes?---Yes.

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Can I show you volume 32, item 29.7.2 on page 30?---Yes.

I suggested to you yesterday that both yourself and Mr Nicholls had a role in drafting the terms of reference for your May review. Yes?---Yes, you did.

If you look at this document it's an actually an email from Mark Nicholls dated 24 April 2007 to Geoff Waite, Barbara Perrott, Jan Dalton at Queensland Treasury and Darrin Bond and the subject is the review of schedule 9 and that was certainly part and parcel of your May 2007 review, wasn't it?---Yes, it was.

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All right, thank you. It says:

Terry and I have drafted what we believe is sound terms of reference. Please review and advise on any adjustments you feel are warranted.

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Do you recall that you and Mr Nicholls cooperatively drafted terms of reference for your review that you undertook in May?---I have to say I don't recall that it was a collaborative effort.

He says:

The schedule has been formulated up until November 07. In revising schedule 9 financials are fixed, while schedule and scope can vary. Benefits should be a major influence in driving the new schedule yet risk and stakeholder interest will also play a role.

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Are those matters that you discussed with Mr Nicholls?---I actually have no recollection of discussing this with Mr Nicholls. I'm not disputing that it might have happened. I have no recollection of it. 1

If you look at actions we agreed were for, first, "Mark and Terry to draft a terms of reference," which were attached to this email, but unfortunately we don't have the attachment, "Mark to draft a commercial offer to be sent under separate cover," no doubt in relation to your engagement and the engagement of Information Professionals? ---Yes. 10

Did David Ekert help you at all with the May 2007 review? ---I can only assume that he might have been asked to comment and discuss a few points because he was part of the initial snapshot.

Yes?---But, again, I have to say I don't recall any role that he specifically played. 20

He was at all times, to your knowledge, contracted through Information Professionals, wasn't he?---Yes, he was. Yes.

Then it says, "Terry to draft a communiqué for directors and staff." We'll come back to that, but it would seem that it was identified as at 24 April 2007 that you would be responsible for drafting that communiqué and then, "Terry to be available for director and supplier briefings as required." Yes?---Yes. 30

Then it says, "Additionally, Terry has drafted an initial action plan which is also attached," again, unfortunately, we don't have that document before us, but if one then goes to tab or item 29.7.3, which is a document I showed you yesterday at page 32, this is an email from Mr Nicholls to a number of persons, including David Ekert, where he forwards a document called ED News, 27 April 2007, "Here is an internal CorpTech announcement that outlines Terry's role," and that announcement was made by Ms Perrott in this communiqué on 27 April 2007. Do you see that?---Yes, I do. 40

I showed you this document yesterday which outlined your role and the announcement of the fact that you would be undertaking a review. Is it the case that you actually - if you look at it again, is it the case that you actually drafted this document for Ms Perrott?---I have to say I've no recollection of drafting this or even seeing it. 50

All right. But it is prima face, is it not, consistent with the task that was identified for you in Mr Nicholls email to Mr Waite of 24 April 2007?--Yes, it is.

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But you don't have a specific recollection of drafting this document?---I don't.

But you have difficulty with accepting that you may have? ---I certainly may have provided some input.

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Can I then take you to volume 27, and at volume 27, may I take you to page 226? This was a meeting invitation to Mr Pedler, Mr Bloomfield and others, and we take it from your evidence that it also included Accenture and Mr Porter. But it was an invitation to attend a meeting with the deputy under-treasurer, Mr Ford, on 30 April, at 3 pm. That's the meeting that you described yesterday as the "meet and greet of the vendors who were involved in the Shared Services Initiative roll-out". Is that correct? ---Yes, it is.

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Now, can I take it from your evidence yesterday that your attendance and participation in Mr Uhlmann's review which resulted in the 18 April 2007 snapshot review of CorpTech, you didn't speak to vendors for the purposes of doing that snapshot review?--No, I'm sure we didn't.

In fact, your best recollection is that you spoke to some CorpTech people which may have included Mr Bond, Mr Waite, but perhaps not Mr Hood?---Again, I'm not sure who exactly, but I'm sure we spoke to Darren and Geoff Waite.

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Good. And your limited role in that, as you explained yesterday, was that you actually didn't have much knowledge of what was happening in CorpTech, you left that to what you described yesterday as the "CorpTech people", which was a reference, was it not, to Mr Ekert and Mr Goddard?---Yes.

Even though they were contractors to CorpTech?---Yes.

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All right. Thank you. Your main role in the April 2007 review was in fact to identify possible solutions, as you described it?---Yes, as I said, I took, principally, a strategic view.

Yes?---I did, of course, get shown a lot of the information that was discussed and I would have started an education process of issues and actions.

But for present purposes, as part of doing that snapshot review, you did not participate in interviews with vendors to see what Accenture was doing, to identify what SAP was doing, to identify what Logica was doing or indeed what IBM was doing?---To my knowledge, we never met any vendor personnel.

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Was it 30 April that was the first time that you actually met face to face the primary players of the vendors, namely, Mr Bloomfield for IBM, Mr Porter or his substitute for Accenture? Just stopping there, can you remember whether Mr Porter did attend that meeting?---I'm sure it was Mr Porter.

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Yes, all right, thank you. And at this meeting you also met Mr Robert Pedler from SAP. Yes?---Yes.

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Do you have any recollection of a representative from Logica being present at this meeting?---I don't recall, it was the first time I was being introduced to strange people's faces so I wouldn't be certain, but I thought there was a Logica person there.

And Mr Michael Duke?---Could well have been.

All right. Now, can I just establish this though, in terms of chronology, that was the first time you met any representatives from Accenture, Logica, SAP or IBM?---Yes, that is my belief.

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We saw from the communique that you may have drafted - sent out under Ms Perrott's hand or name to staff at CorpTech that you would be gathering teams, and that was a communique that was sent out on 27 April 2007. What date did you actually start work on your review that was to take four to five weeks?---I'd have some trouble picking an exact date, Mr Flanagan, but I would assume I was basically at work from the date of that communique that Ms Perrott issued.

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All right. And that's 27 April 2007?---It would sound about right.

Now, when did you start assembling your teams for the purpose of assisting you with the workshops to conduct the review?---I would assume I would have started mapping it out from that date, approximately, and mapping an approach, discussing it with Ms Perrott, I presume it was, and Geoff Waite, and we would then have started saying, "Well, who are the best people, who would be the team leaders?", which they would all have chosen that, and then I would assume the team leads and the senior executives would have decided who would form part of the teams.

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Can you recall when the teams first met as the subteams that you had identified or sought for the purpose of conducting your review?---It would be very hard to put a date, but I would assume it would not have been too much time after that initial commencement.

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Is it the case though that the teams were not in place at the time that you met the vendors on 30 April 2007 with the

deputy under-treasurer?---I wouldn't be able to recall which dates came first, I'm afraid. 1

All right. Would you accept this proposition: that your review had barely commenced at the time that you first met Mr Bloomfield face to face?---Yes.

Can I take you then back to the email we dealt with yesterday, which is volume 27, at page 230? The first time you met Mr Bloomfield face to face was with the deputy under-treasurer and Ms Perrott at the introduction of you to the vendors. Yes?---Yes. 10

And the identification that you would be conducting a review albeit for four or five weeks. Yes?---Yes.

And the vendors were informed, we can take it, of the principal matters that you would be looking at as part and parcel of your review?---Yes. 20

All right. Thank you. The second time you meet Mr Bloomfield is on 1 May 2007, where there's two meetings - 27, page 230. 20

COMMISSIONER: 27?

MR FLANAGAN: Volume 27, page 230.

COMMISSIONER: I'm familiar with the email. 30

MR FLANAGAN: Yes. The first time you met Mr Bloomfield was with the deputy under-treasurer, the second time through contact that he makes with you, you meet him with Ms McMillan at your office. Yes?---Yes.

Which he describes in his email as the "on the record conversation". But the second time you meet him is not with Ms McMillan present. Yes? Correct?---Yes.

And your recollection may be that, that was over coffee or whatever?---Yes, as I said. 40

In terms of the fact that the review, or your review had hardly commenced and that you had no contact with vendors during your April review with Mr Uhlmann, how is it that you're able to say to Mr Bloomfield on the off the record conversation that he describes - I'm sorry, I shouldn't say that. He doesn't tell us what's on the record or what's off the record, but how could you say that you thought that IBM was grossly unrepresented on the engagement. How did you have that knowledge at the time that you spoke to Mr Bloomfield?---Well, those are his words, but I would certainly have had a knowledge which vendors were engaged, we would certainly have discussed the vendors. Although, we wouldn't have had face to face meetings during the snapshot review. Also, during the initial days when we 50

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started to set up those teams I would assume I would have had a lot of information given to me about who was doing what, the structure of the teams, which vendors were engaged and which were not. So I would certainly have had opinions given to me and facts and statements made that, for example, "Accenture's doing HR, Logica's doing finance, IBM's not very represented but it did supply some products, and the role of SAP." So I would have been given a briefing of who was doing what.

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But the statement that you made, which I took you to yesterday, to Mr Bloomfield as reported in his email, is that, "What the CorpTech program needs is a significant increase of involvement by IBM"?---I don't recall saying those words at all.

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Quite, but they're recorded contemporaneously by Mr Bloomfield in an email on the following day after this meeting with you. Yes? So whether you recall it or not, you can assume that the best evidence of the fact of you saying that is the fact that it's recorded by Mr Bloomfield there, "The CorpTech program needs a significant increase of involvement by IBM." I'm going to ask that you assume that this commission will find as a fact that was said by you even though you can't recall it now. Assuming that was said by you, what part of the review that you had undertaken to date, that is, as of 1 May 2007, permitted you to come to a conclusion at that early stage that there needed to be a significant increase of involvement by IBM? ---That's not a conclusion that I think I would have given expression to. I would have had intelligence that they were very underrepresented, it might have come from Mr Bloomfield himself, he might have said, "You know, we're very underrepresented," so that's really all I can comment on that.

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On its face as you read that email, would you agree with this proposition: that if you said what is recorded to have been said it gives the impression, at least to Mr Bloomfield, does it not, that it's an expression of a clear preference for IBM to grow its role in relation to the CorpTech program?---No, I wouldn't put it that way, Mr Flanagan. If there was a context around that sort of supposition, it would have been possibly as an opportunity to get involved on a competitive basis, which is what we were really saying to all the vendors.

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Well, you hadn't spoken to any of the other vendors at this stage, had you?---Yes, but it was the message that we would have been taking to them all.

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But this is your first meeting with any of the vendors, isn't it, this is your first one-on-one meeting with any of them?---I don't think so, I would have met the Accenture people, the SAP people who, as I said, had offices just

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outside my office who were part of the program. I would have been walked around and introduced to them, I may well have had meetings with SAP and Accenture.

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May I understand your evidence, then? Are you saying you have a specific recall that prior to 1 May 2007, you met with Accenture and Logica representatives?---No, I'm just saying it's probably very likely.

But you don't have a specific recollection of that?---I don't have a specific, as I don't have a specific recollection of this meeting.

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Do you have any recollection of saying words to this effect to the Accenture representatives or the Logica representatives at or about this time?---I would certainly have said it in contextual communications, that we need much more aggressive, we need much more competitive. As to when exactly I would have had those discussions, I can't recall.

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Thank you. Is your best recollection that your teams for the purpose of conducting your review had or had not been gathered or compiled by 1 May 2007?---As I said, it's very difficult without having the original dates of meetings and things to put a date to it, but I would assume that we would have commenced putting those teams together.

All right. Now, I just want to take you to some documents that deal with your engagement and the terms of your engagement for the different parts of your involvement with this CorpTech project. Can I ask you to go to volume 2, item 3.1, or it's tabbed 3.1, page 3. Just so you can identify the document, it's a document I took you to yesterday, it's 30 May 2007, so it's the Arena engagement after you'd completed your review for further work. Yes? ---Yes.

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If you could turn to page 3, I'm just going to ask you to look at the timing of this document. First of all, we referred yesterday to you having a job offer from Sydney, and you mentioned the Commonwealth Bank. What was the nature of that offer?---It was a program management role of some kind.

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Of what scope and what length?---I have no particular recall of that, it was a verbal discussion.

Who with?---I have no idea.

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A Commonwealth Bank representative?---Yes.

And you can't recall his name?---No, I can't.

All right. Can you tell the commission how concrete was that proposal that is referred to in the fifth paragraph of page 3?--I understood it to be a pretty substantial offer.

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COMMISSIONER: In writing?---It was a substantial interest in pursuing it further, and they wanted to know if I was available. I said I was engaged and if there was an opportunity to remain in Brisbane I would probably prefer that.

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MR FLANAGAN: If you just look at the date of this document, 30 May 2007, but under Background in the second paragraph it says:

As a consequence of this analysis, a further more detailed five-week analysis and planning assignment was initiated by senior management, which in particular has focus on governance, structure, timeline and resourcing issues. This assignment has been undertaken by an experienced international programmer and project director, Mr Terry Burns. This assignment has now been concluded and the final presentation of findings and recommendations is due for completion this week -

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that is, there was a bit more work to be done on the report, was there?---Yes, I'm sorry, I missed where you were reading that from.

That's the third paragraph at page 3?---Yes.

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These findings and recommendations have relied heavily on Terry's knowledge and experience in IP. As a result of this assignment, it is evident that there is a new body of work required to realign the project within the agreed timing and resource constraints, for which Terry is now probably uniquely positioned and for which he has knowledge and understanding that in the interim could not be provided by another consultant.

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Now, you've told us that you refused Mr Nicholls request to see the draft report. Yes?---Yes.

You certainly didn't show the draft report to Mr Uhlmann in those circumstances - - -?---Yes.

- - - did you?---No.

So the only person who knew that this draft report that had not yet been finally presenting in terms of findings and recommendations which was due for completion that week, the only person who knew that a recommendation would be made for an ongoing role of you was you. Correct?---I would

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have thought it would certainly have been well known by Ms Perrott and Mr Gerard Bradley, Geoff Waite. 1

Quite, but this is not a document that purports to be drafted by any other organisation but Arena?---Yes, but Mr Uhlmann did have a lot of contact with them and had frequent meetings.

But can I suggest to you that you drafted this part of the document for Mr Uhlmann?---I don't have any recollection of doing that, Mr Flanagan. 10

Did you discuss with Mr Uhlmann the fact that a recommendation would be made in the May 2007 report that you have an ongoing role?---I have no recollection of that.

All right. Just being candid, there's no criticism in this part of it. When you wrote the May 2007 report you did identify an ongoing role for yourself, did you not?---I think there was an ongoing role for a director. Obviously, I had no right to assume it would be me. 20

Quite, but when you wrote the report you certainly had yourself in mind, didn't you?---I would have been definitely interested, yes.

Yes, and as the fact you became the head of the SDA, did you not?---Not at that time, it didn't exist, I believe.

No, but as soon as it was formed you became head of it, didn't you?---No, it was an appointment that I was reluctantly given quite late in the process because they had not appointed an SDA director, which was my clear recommendation. 30

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In terms of empowered program director although you tell us that Ms Perrott called it a slightly different thing, as a fact, you were appointed to that position?---Sorry, to which one specifically?

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To the program directorate?---Program review director was my title, I believe.

Yes. And you were appointed to that. Yes?---Yes.

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That arose from the recommendations that you made in your own review, dated May 2007?---It would have been an outcome of that, yes.

All right, thank you. Do you have a recollection of who wrote - do you know who wrote the information contained in background on page 3 of that document?---I don't have a recollection. Mr Uhlmann knew me quite well by that time.

Can I see though the two versions that we have to deal with; one version is that because you had knowledge of what was in your own report, you provided that information to Mr Uhlmann and you denied that?---I have no recollection of doing that at all.

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All right. The other version is that you wrote this. Yes?---You're saying it's an option?

Yes?---I have no recollection of writing that at all.

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I think the third option that you're putting to the commission is that Mr Uhlmann may have spoken to Mr Bradley or Ms Perrott and they told him that you would have an ongoing role, subsequent to your May 2007 review?---Yes.

Thank you. Can I take you then in the same volume, Mr Burns, to tab 3.2? We can do this swiftly because it's really just confirming that this is the agreement that was entered into on behalf of Arena and the state of Queensland for the provision of your services after 30 May 2007. Can you first of all look at page 15 just to see that it is an agreement for the provision of services?---Yes.

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Page 17 that shows that it is an agreement between the state of Queensland and Arena Organisation Consultants Pty Ltd?---Mm'hm.

Page 19, where at paragraph 3.4 it says that a contractor will ensure that the deliverables specified in schedule 1 complies with the standards in specifications of any set out in schedule 2, that is the scope of the works that you would be conducting after 30 May 2007 for the state of Queensland?---Mm'hm.

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Yes? And then may I take you then to page 37 where schedule 1 sets out the services that you are to provide to the state of Queensland after 30 May 2007. Would you just read that schedule and those services?---Yes.

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And do you agree that that accurately describes the role that you would be undertaking with the state of Queensland or more specifically with CorpTech in Queensland Treasury as after 30 May 2007?---It would seem to be accurate.

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All right, thank you. You would have noticed or you may have noticed that this agreement doesn't seem to have a date on it but can I take you to page 41 which is annexure A to the agreement and it's dated at page 41, 14 June 2007? ---Yes.

Thank you. And finally on this, it is a document that is signed at page 41 by Mr Uhlmann on behalf of Arena?---Yes.

By yourself. That's your signature at page 48?---Yes, it is.

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Yes, thank you. Over the page, signed by you again on behalf of your family trust?---Yes.

Thank you. Then from there in the same volume, can I take you to tab 3.3 - - -

THE COMMISSIONER: That was the three months, wasn't it, it was an option to extend?

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MR FLANAGAN: Yes, that's correct so it actually ran to 17 - - -

THE COMMISSIONER: Of December?

MR FLANAGAN: Of September, yes.

THE COMMISSIONER: Of December?

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MR FLANAGAN: Of September.

THE COMMISSIONER: What is - - -

MR FLANAGAN: It's the next document we're coming to that extends it.

THE COMMISSIONER: All right.

MR FLANAGAN: So if you then turn to tab 3.3, page 50, this is a document on your own company's letterhead and it's dated 17 September 2007. If you look at this document by starting, if we may, at page 52. In the fourth paragraph under the heading Background, Mr Burns, in the last two lines, it says the current contract is due to

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finish at the end of August even though the report for this phase is due on or about 15 September and there is a proposed extension of the consultancy. Now, this is a document that is written by you, is it not?---Yes, I was told that as part of this process of contractual engagement, I was required to do something on the company's letterhead. 1

Yes?---And - that proposal. 10

All right. Now, can I ask you to undertake the same task. You have identified in the five dot points on page 52 the task that you would be carrying out pursuant to this engagement; that is, the engagement from 1 September until 21 December?---Yes.

May I ask you do those five dot points accurately reflect the task that you were to undertake?---Yes, in general terms. 20

All right, thank you. Is there anything that you want to add to those five identified tasks that might more accurately describe what you were undertaking?---You mean that I might have wanted to have included? 30

No, not what you want to include but which would better describe what you viewed as your role in carrying out the work for the Queensland government from 1 September to 21 December 2007?---I can't think of anything offhand. I think a lot would be included in dot point 1 - - - 30

Yes?--- - - - complete rebuild. I guess a lot of detail would fall under that.

Thank you. Then if you turn to tab 3.4, this is the actual formal Queensland government provision of services agreement that goes with it and the document is entitled Agreement for the Provision of Services, Project Director SSI Program Rebuild. Was that in fact your title?---I think the generic term "director" was attached to certain levels and then I was turned - I believe, into the program review director. 40

All right, good, thank you. On this document, can I just draw to your attention at page 62, clause 8?---Yes.

That was simply part of the agreement that you warranted that there was no conflict of interest to your knowledge?---Yes. 50

Thank you. Then page 75. Do you recognize Ms Perrott's signature - - -?---Yes.

- - - which was affixed to the document on 26 September 2007? ---Yes.

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And at page 76 is your signature?---Yes.

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Signing on behalf of your company, Cavendish Risk Management Pty Ltd?---Yes.

And then finally at page 79, the document like the other government agreements entered into by Arena and by yourself identified schedule 1, the works that were to be carried out?---Yes.

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THE COMMISSIONER: Mr Burns, I note the second dot point which comes from your earlier proposal was part of the role to negotiate final contract with the prime contractor vendor. Is this the first time we see in writing a reference to the prime contractor? I think it's the first that I've seen - or the earliest that I have seen?---I think it is.

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As Mr Flanagan pointed out yesterday, your May review didn't in fact recommend the appointment of a prime contractor to hurry things along. When, as best you can recollect it, did that seem to you to be the best solution for the problem and recommend it?---I think I mentioned yesterday, during the review there would have been some discussion of it. The May review focused on definition of problems and issues, risks, but it was certainly a topic that had been voiced and discussed. We also generated an assignment charter going into this next review and it did have terms of reference. I don't recall, but it might have appeared there as well.

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You're referring, are you, to the September review?---This one that I believe this contract covered.

Yes, thank you.

MR FLANAGAN: Can we go back to the chronological sequence we were dealing with yesterday. Can I take you back to volume 27 page 250?---Two five zero?

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Two five zero. Yes?---Sorry, what tab would that be? This seems to have different numbering.

It's actually volume 27 and it should have just a page number at the end.

COMMISSIONER: It's after tab 25.5, Mr Burns?---Yes. I think I've got the wrong volume.

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27 and tab 25.5?.

MR FLANAGAN: Page 250?---Two five zero.

This is an email from Mr Bloomfield to yourself that we look at briefly yesterday. One thing I need to ask you is in relation to the very last line on that page which says:

Understanding of the procurement mechanisms to be utilised, for example, can Treasury reorganise CorpTech without going to tender?

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This is a request or a question that Mr Bloomfield poses to you. Yes?---Yes.

Then you reply - if you can go to page 252. This is your reply to Mr Bloomfield of 9 May 2007?---Yes.

You say in the third paragraph:

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There is reasonable flexibility within the current contracts and procurement model to allow for us to evaluate new submissions, but we would have to discuss how radical your proposals are before

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determining whether they could be accommodated within our current level of authorisation.

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Where did you glean that knowledge from that there was reasonable flexibility within the existing contractual framework?---I would have got this from the procurement operation and I'm sure we would have discussed it with Barbara Perrott. All of this would have had to have been briefed and given to me by probably those two people.

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All right. It's certainly not knowledge that you had yourself, was it?---No.

Then you say then:

In general, however, we need to see where you are headed with your proposals before we engage in the effort with yourselves to provide the data. In other words, tell me the scope that you would like to address and then we can agree what is feasible and what is not.

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What were you proposing there, Mr Burns?---I was just asking him what IBM might have in mind.

In that sense, you actually asked in the 1 May meeting with Mr Bloomfield that you're expecting great things or big things from IBM, weren't you?---Those are his words, as we know.

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They're his words that he recalls you saying?---Mm..

Did you have expectations based on your experience at Fonterra that IBM would be able to step up to the mark to assist the government in bringing or in accelerating the program?---I think as I said yesterday, my view of IBM's potential involvement at that time was that they could be very useful to us in bringing costs pressures.

Thank you. Can we then go to 254. Mr Bloomfield thanks you for your prompt response and asks if you could get together and then if you look at 254 - and we can do this rather quickly, if we can, Mr Burns. At 256 you propose a meeting for 2 pm on Friday and at 259 Mr Bloomfield confirms that that meeting is fine for 2 pm, but he also informs you that he's going to bring two key members of the team working on this, both are Shared Services experts covering the HR and finance sides. In terms of this meeting, was it a meeting between yourself and the three IBM representatives?---I don't recall who else might have been there.

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All right, thank you. Could I ask you this: do you have any recollection of Ms McMillan being present?---No. I don't recall that specific meeting at that specific time and who might have been there.

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It's fairly early on in your review. It's 11 May 2007? 1
---So it was a couple of weeks into it, I would assume.

As to what was discussed at this meeting, Mr Bloomfield actually has notes or a note of this meeting that actually constitutes an email that he sends to you on 15 May. Can you turn to page 262?---Yes.

What Mr Bloomfield is indicating to you as part of this meeting that you had with the three IBM representatives was that in principle IBM would be happy to consider their involvement in all aspects of the program across both HR and finance. You understood that to be a position that they were considering?---They're expression of interest potentially. 10

You appreciate at this time that there were contractual arrangements between the state of Queensland with Accenture in relation to the roll-out of HR. Yes?---Yes. I'm not sure how they would be constituted. My understanding, it was principally time and material, so they were providing resources and CorpTech was managing packages of work. 20

Yes. In relation to Logica, you knew they were contractual relationships between Logica and the state of Queensland in relation to the roll-out of the finance solution?---Yes; and, again, my understanding was it was provision of services.

Mr Bloomfield actually has you recorded as saying: 30

As you mentioned on Friday, current contractual arrangements with other providers may make involvement in certain areas prohibitive.

Do you have any recollection of giving that advice to Mr Bloomfield?---I don't have any specification recollection of that.

As at May 2007, did you believe that those existing contracts for time and materials, particularly in relation to Accenture, constituted a bar to any proposal by IBM to be more fully involved in the roll-out?---I would assume at that point I was not clear. I would have been getting guidance from procurement or the people in contract management and it might have been - they would have come back to me at a later date and confirmed one way or the other. 40

What is then said in the third paragraph is Mr Bloomfield in writing to you says: 50

In particular, we would be prepared to take on the PMO role, as well as key roles in the implementation roll-out team to better drive agency engagement and acceptance.

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Then he concludes by:

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I think it would be good to catch up tomorrow one-on-one for a coffee to discuss our latest thinking.

COMMISSIONER: Before you go on, Mr Burns, looking at what Mr Bloomfield suggested IBM - I'm reading from the end of the second paragraph:

IBM, while not having responsibility for delivery in particular areas of the program, instead has management control to drive these providers better as has been achieved to date.

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Is that really a description of what became the prime contractor model?---Not necessarily, Mr Commissioner. That could be that they might have had an interest in providing a leadership position in certain work areas, which would have included teams that might have included other vendors.

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All right.

MR FLANAGAN: I think that we need clarity on too is: in your first meeting with Mr Bloomfield when you said, "Look, there's no holy cows," that is, when you were seeking an innovative and expansive concept from IBM for the purpose of going forward, and informing you, as you said, for the recommendations you would make in your report, there seems to be a slight change in your view that by saying, "There's no holy cows," meaning that there's no contractual relationships that would stop IBM being more fully involved, and here is a suggestion that Mr Bloomfield assigns to you that, "Current contractual arrangements with other providers may make involvement in certain areas prohibited." Do you recall that you had actually received advice from procurement that changed your initial view as at 1 May so that you had a view as at 15 May that there were inhibitors?---Again, I don't have a specific recall, but let me try and assist you by saying the following: the first meeting with the vendors, and one of whom was Mr Bloomfield, I would have had very little knowledge of the procurement processes, the current contracts in place. As we began talking to vendors, for example, IBM, I would certainly have gone back and checked with procurement had received advice, received specific information from Ms Perrott and others, and I would have had a clarified view of what was potentially possible and what was potentially not possible. So I would assume my view was starting to be informed.

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Up to this point, you've been seeking from IBM innovative and expansive thinking, you had identified that they could play a wider role in the roll-out and you had actually specifically said, "Depending on how radical your proposal is then we will start giving you the documents or the information that you required." What were you looking for

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from IBM at the time of these conversations taking place?
---Well, we were basically looking for new ideas and new approaches, but, as I said before, we certainly had an interest in a competitive threat, if we can use the work, appearing on the scene that would create some pressure that would sharpen everyone's pencils and draw attention to the fact that possible the old order might get stirred up and changed.

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In terms of your role, one of your roles was identifying accelerators for the shared services program. Yes?---Yes.

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These communications with IBM seem to be going beyond simply saying, "Tell us how you can accelerate, through your modelling, the Shared Services Initiative". Yes?
---Well, I think we were saying to them, "There's no reason why you could not also get involved in offering services," so that might be an accelerator strategy or it might be something else.

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If you were desirous of growing IBM's role in the Shared Services Initiative, you knew that would be at the expense of the existing contractors. Yes?---Well, I wasn't desirous of anyone, particularly taking a larger share, I was desirous of getting a better deal.

To the extent that you said to Mr Bloomfield on 1 May 2007, "IBM's underrepresented in this initiative and there is a role for IBM to take a greater role in the initiative." You knew that if IBM took a greater role in the initiative it would be at the expense of existing contractors, surely?---Well, you know, if anyone increased their share it would presumably be at the expense of those who were incumbent, not necessarily IBM.

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All right. Can I take you then to page 263, which is your response to Mr Bloomfield when he suggests that IBM could take on the PMO role?---Yes.

So it's the same day as Mr Bloomfield has sent his email to you at 7.38 am, and you're sending an email back to him at 8.31 am. Mr Burns, can I just ask you this: this would seem to be one of the first emails that you actually don't copy Ms McMillan into?---Yes, I had no specific reason to copy her in everything.

40

All right. But hereafter it seems to cease, that your communication or email communication with Mr Bloomfield is directly to him and not copied to Ms McMillan?
---Ms McMillan moved out of the office I was in and had a much more limited involvement in the work we were doing, and I understand it could be around this time that Mr Goddard replaced her and took her desk. Her role was significant diminished at that time and became more secretarial and organisational in nature.

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Did Mr Goddard, in effect, become your lieutenant in relation to this - - -?---I wouldn't use the term "lieutenant", but he was a very productive and part of the team. 1

He was answerable to you?---No, he didn't report to me but he was provided to me and we worked, I would say, on a collaborative basis.

Yes, but if you gave him a direction the expectation on your part would be that he would carry it out?---I don't think I would have given him directions, I would have said, "Look, can you handle this? Can you handle that?" 10

All right. Thank you. Now, in this email of 15 May 2007, you seem to be slightly annoyed with Mr Bloomfield. Is that putting too fine a point on it?---Well, I'm sure what I was voicing there was the fact that I hadn't seen anything coming out that looked like it would be useful to us in our pursuit of something innovative and something that can stir everyone up into some new thoughts. 20

Was your annoyance based on the fact that you had been in your meetings with him seeking from him a way forward with IBM's involvement for the entire roll-out, and all he came back to you with was a proposal for IBM to be involved in a PMO role?---No, I would just say it was a lack of innovative ideas being tabled, probably.

All right. But what you say is: 30

I understand then that you do not have any significant new strategies to offer in the main solution area of design.

Yes?---Yes.

And build or implementation roll-out at this time. I should point out that we have no contractual inhibitor at this time that would prevent us using another vendor in any of those keys areas to whom we would assign discreet work passages. Your other areas of interest are noted, however, for possible future engagement I will contact you in due course. 40

As we stand here and read this email now, would you agree with me that your expectation had been that IBM would step up to the plate with some significant new strategies to offer in the main solution area of the design build or implementation roll-out; that is, in relation to the entire program?---Well, anything that might have, for example, addressed the HR area, the finance area or the other SAP functionality areas. 50

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But you specifically contradict him as to his previous statement in the email contained at 262, that: 1

There were current contractual arrangements with other providers that may make involvement in certain areas prohibited.

Here, you're saying on the same day, "We have no contractual inhibitors"?---Yes, I would assume that I'd been giving a briefing that there was no reason why any vendor couldn't bid for a work package. 10

Yes. From there may I take you to page 265. May I start by testing your memory. The email format that we've been provided, that this document is provided in, doesn't show who the document was copied to, if anyone. Do you recall that these emails were sent to you and to you alone by Mr Bloomfield?---I just need to read them a bit. I'm afraid I wouldn't be able to suggest to you who else might have been copied. 20

All right, thank you. The reference there to the word "accelerators" was a reference, was it not, to the third task that you were tasked with of identifying in your report possible accelerators in terms of forwarding the program?---Yes.

Then page 267. This is 16 May 2007, so approximately halfway through May, so you're halfway through your report. Mr Bloomfield in the previous email has said that IBM would be getting a proposal to you. You say: 30

Thanks, Lochlan. As soon as possible will be good. I'm in the final workshop phase now for the next two weeks, so I'm committed from 8.00 to 8 pm each day so an email will be best at first.

Just so we can understand the process, were there workshops of two weeks with CorpTech and Treasury persons for the purposes of identifying a way forward in terms of the recommendations you were to make in your report?---I'm assuming my reference here was to the 14 work stream workshops. 40

Yes?---Which were now coming together with analysis and outputs.

We do need your assistance on this because we don't understand the next line: 50

I am looking to enter final negotiations with vendors' partners by mid next week.

This is written as at 16 May 2007. What does that mean? ---I'm not sure I recall, to be honest.

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But you agree with me - - - ?---It might have been a reference to the PMO that was an ongoing topic of discussion. 1

You agree with me it was no part of your brief for the purpose of doing this review and providing a report to the government to be entering into contractual negotiations with any parties?---No, I'm not. I'm not clear on what that reference was. 10

No. Is there any assistance you can give us?---No.

Do you have any recollection of having conducted negotiations as at 16 May 2007 with any vendors' partners? ---I think during this time we were talking to all the vendors and we were discussing the construction of work packages and how they went about supplying resources; how their rate cards were constructed and from that the resource costings were derived. That could be a reference to the way the rates and the resourcing structures were provided to CorpTech at that time. 20

What's perplexing though is that you're only halfway through your review, 16 May, and you've said, "I'm looking to enter final negotiations with vendor partners by mid next week"; that is, before your review is finished, you are communicating to Mr Bloomfield that you were looking at entering final negotiations?---Mm.

Can you shed any further light on it?---I'm afraid I can't. 30

Page 270 please. This is an email from Mr Bloomfield dated 21 May 2007 where he refers to a meeting with you that afternoon. Again, I know it's difficult, Mr Burns, but do you have any recollection of any other person, either from CorpTech, or Queensland Treasury being present with you when you met with Mr Bloomfield?---I'm afraid I can't.

You inform him that you're trying to finalise your report, "However, was able to counsel me on what he needs to seek from us." Do you have any independent recollection, apart from what's written in this document, and if you read the document first, I'll ask you some questions?---Yes, I've given it a skim. 40

In that email under the item 1 and the note, he says:

He doesn't need costings at this stage. He just needs to work out where IBM will fit and justify our involvement in these pieces. 50

I appreciate it's not your language or your email, it's actually Mr Bloomfield repeating or reporting on what he believes was said at this meeting, but as one reads that did you identify to Mr Bloomfield that you and he needed to

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justify the involvement of IBM in the pieces they identified?---No.

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To the extent that that document or that sentence reads as if it's you trying to justify our involvement, namely the involvement of IBM, and the reference to "our", we should read that as an IBM reference?---Yes.

Do you have any independent recollection of what you discussed with Mr Bloomfield on this occasion, apart from what's recorded in here?---I don't, I'm afraid, Mr Flanagan, because I don't specifically recall the meeting.

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This is still May, so in your statement you say in April, May 2007, you were meeting with IBM approximately once a fortnight. Is that correct?---Yes.

Thank you. Page 271 then. Sorry, page 282. I'm sorry. The email refers to a proposal being presented to you on the previous Friday, so it's an email dated 27 May 2007. In attendance Mr Bloomfield identifies three IBM persons, including himself?---Yes.

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It seems that you give him information then that you'll be collating your report that weekend because it's coming near to the end of May and you say:

The draft report will be presented to Gerard Bradley on Monday, tomorrow. Any feedback from Queensland Treasury will be incorporated into a final version of the report for Tuesday, 29 May and then on Wednesday, 30 May the last day of his contract, Terry expects to sit down with the key partners and discuss their involvement moving forward. This will take the form of initial discussions around an associated head agreement with each partner. I will speak to Terry to understand who should attend from IBM. I will advise shortly of suggested attendees.

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That would suggest, Mr Burns, that in completing your review, that as soon as you completed your review, you were contemplating entering into contractual negotiations. Yes? ---Yes. I think what we were planning at that time was to revise the engagement models with each of the suppliers and look at refreshing them; see if there were any new approaches.

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Can you expand on that, please, that it's negotiations associated with a head agreement with each partner. First of all, can I ask you the reference to each partner, does that mean Accenture, Logica, SAP, IBM and other external service providers?--- I would assume so, yes.

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All right. What did you have in mind in terms of the restructure at the time that you were completing your report?---At that time, I would assume that what we were looking at was more in line with refreshing how each partner was engaged and as I said, I think particularly it would have been around the pricing and rate cards and which area was open to bid, whether each partner wished to bid for finance or HR or functionality.

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Were you giving the same information to the other vendors, namely that you were about to complete your report and that it would be going to Mr Bradley on the Monday and that any feedback from Queensland Treasury would be incorporated into the final version on the Tuesday and what you would be doing thereafter?---I'm sure there was no secret to that. It was a very widely known deadline and a process.

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Yes, I think my question is more specific; do you have any recollection of telling the other vendors that you would be completing your report in the way that is identified in this email?---No, I don't. I don't specifically recall what he is recalling in his email either.

Thank you. Finally in this volume, may I take you to page 287? You have said that you have received a number of proposals from a number of vendors but did you have any specific recollection of receiving the proposal from IBM in or about May 2007 called Proposed IBM Service Offerings to CorpTech?---I don't have any specific recollection.

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But in any event, if you look at page 292, one of the proposals put forward by IBM was to be involved in the CorpTech streams, namely the program management which is what Mr Bloomfield had previously communicated to you. Is that correct?---Yes.

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And then at page 294, IBM gives an order of preference for their involvement with CorpTech being in that order?---Yes.

Can I then take you to volume 28 - - -

THE COMMISSIONER: Before we leave that, can we just go back for a moment, Mr Burns, to that email that we have all looked at that is at page 230. Have you got that? Look, if you would please, at the first paragraph, at the end of it, Mr Bloomfield records that you were expecting big things of IBM and then it goes on:

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This is based on his experience with what IBM was able to achieve at Fonterra. Terry was very impressed with what we were able to do over there and was encouraging us to push the boundaries on this.

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Is that a correct description of your experience with IBM and the Fonterra project? I mean, did they do a good job where you were impressed with them?---Yes, Mr Commissioner. I think I mentioned yesterday that the work that they did in the different country localisations was good and well done and impressive.

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If you asked that question, I'm sorry to go back to it.

MR FLANAGAN: That's fine, thank you.

THE COMMISSIONER: Where are we going now, Mr Flanagan?

MR FLANAGAN: Volume 28, Mr Commissioner, page 377.

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THE COMMISSIONER: 377?

MR FLANAGAN: 377.

Mr Bloomfield records in an email of 29 May 2007 that he managed to speak to you today, the meeting with him will be this Friday:

He will outline the areas of the SS program. They would like us to become involved. He suggested that this would be a relative short meeting and he is happy for this just to be myself. I will update you all after Friday's meeting.

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In terms of this meeting, can you tell us what you outlined to Mr Bloomfield as to the areas of the SSS program that CorpTech wanted IBM to be involved in?---Again, Mr Flanagan, I'm going to have to tell you that I don't specifically recall that meeting.

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Do you have any recollection of it, Mr Burns?---No, I'm afraid I don't.

Thank you. Again, Mr Bloomfield kept a note of what was discussed in this meeting. If you can go to page 380. If I can ask you to read that and see if that assists you in refreshing your memory of what was discussed?---I have skimmed it.

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Thank you. Now, the first two dot points are in relation to IBM bidding for the PMO position. Yes?---Yes.

And to your knowledge there was incumbent SMS that was bidding for the same position?---We had said - I can't recall whether they had an existing contract, whether they

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had resources, but we had certainly been in significant discussions with them. 1

All right. For the PMO, were there any other tenderers or entities vying for that position?---I believe we approached two or three others but got pretty indifferent responses and I think the only two that looked like serious contenders were SMS and IBM.

Now, were you on the evaluation panel for the PMO position? ---I'm not sure there was an evaluation panel as such, Mr Flanagan. I think proposals came in, it went to procurement and eventually as you know, SMS was given the opportunity to put resources in. 10

Did you have any involvement through procurement in determining who got to the job for the PMO?---I'm sure I would have had discussions with them. I'm sure in the end it was something that procurement themselves followed - I certainly do recall that I didn't have any particular interest in the IBM approach. I didn't think it really met what we were looking for. 20

So you were looking for something quite different from them?---Well, we were looking for something that would support the position that I had identified that - of a delivery director and I in the end felt that it was better probably that specialist PMO operators did it, probably from outside main vendor suppliers. 30

Thank you. Now, the fourth dot point of this document says, "Terry was clear that nothing in our proposal was currently off the table." What did you mean by that?---I'm sure it's a reference back to the comments that we had made to IBM and the vendors before that - the existing or the previous order was not to be assumed to simply continue and that IBM had expressed interest in being competitive in the areas that other vendors were currently incumbent so they certainly could put forward bids as could any of the other vendors. 40

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All right. Thank you. Can we then move through these documents rather quickly, coming to the point where the PMO is not awarded to IBM. For those purposes, if you just look at page 386, my simple question there is that this email would seem to be in relation to the PMO position? ---Yes, it seems to be the subject is "PMO Proposal".

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And then there's a series of attempts to arrange a meeting at pages 387, 388, 389, 390 and 391, so you can skim through those, if you would, Mr Burns. If we turn to page 404?---Yes.

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That, again, concerns the PMO?---Yes.

All right. Thank you. And then if you look at page 405, it's IBM's PMO proposal. Did you read that at the time you received it?---I'm sure I would have.

Thank you. And then at 424, this is Mr Bloomfield informing you that two IBM representatives will be in Brisbane who run the GBS practice for Australia, New Zealand, and you say, "Let me get back to you, Lochlan. We need something specific to review with these guys, time is so limited." What is that a reference to?---I think it was a defensive comment back from me to what I was perceiving as general sales activity, want to wheel in some big names and I didn't particular think there was any point in that.

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Thank you. And in terms of sequence, may I then take you to volume 33, at 424?---I'm sorry, the page number.

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424?---I don't have the right volume, this doesn't go to 400. 33?

33-2?---Sorry, there's another one. Sorry, the page number, Mr Flanagan?

424, Mr Burns?---Yes.

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Now, do you have a recollection of meeting with Mr Bloomfield, Mr Sturrock and Mr Pete on or about 28 June 2007?---I'm sorry to be so unhelpful, but the specific meeting dates I don't have any recall, but in general I do recall meeting these people at times.

All right. Can I just ask you some questions about this document? The main purpose of the meeting was to meet you in relation to the PMO proposal that had been put forward by IBM, but it notes that instead:

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We spoke mainly about Terry's increased frustration related to the lack of fresh thinking around the approach to the scope solution review currently under way with the new solution design authority.

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So by 28 June 2007, the Solution Design Authority had been established?---Yes, I think it had just come into being embryonic form. 1

And you were the head of it?---I think de facto I probably was, I probably clearly identified that there was a vacancy that Ms Perrott should address in due course.

Can I first ask you: what was your increased frustration in relation to the lack of fresh thinking, what's that a reference to?---I was having some difficulty in getting an engagement, I think, from all the vendors and certain people in CorpTech as well. The concept of a Solution Design Authority, as I envisages it and as I'd seen it working in other places, as a critical building block in the solution to controlling scope and defining business requirements early from which one had an opportunity to really control costings as one moved into work packages, and that was a key element that I was struggling to get by in. 10 20

You referred to there that, "The SDA is struggling for fresh ideas." Is that "fresh ideas" in relation to the implementation of the initiative?---No, I think that was more around the process description that I just outlined very briefly to you.

Thank you. But you go on to say that, "Nothing Accenture or SAP has provided thus far has been new, hence increasing his level of frustration." That would seem to be a wider reference than just merely to the operation of the SDA, does it not?---Yes, it could have been more widely - but I think my frustration was around this approach to the way engagement was defined and work packages were defined. 30

But then it seems that:

Mr Sturrock did some whiteboarding that immediately got Terry's attention and as such he was asked for IBM to pitch our views to the SDA. We said we would be happy to invest some time over the next couple of weeks to prepare for this pitch; however, we wanted to know what would be in it for us. Terry obviously can't absolutely guarantee IBM a large-scale involvement in the longer term. However, he laboured the fact that Accenture and SAP have nothing new - 40

which then Mr Bloomfield refers to as a "fantastic opportunity"; it was not something that you said. In relation to the whiteboard presentation done by Mr Sturrock - perhaps saying it's a presentation is putting it too high, but do you recall that was in relation to Workbrain? ---I'm afraid I'm really going to have to say, again, I don't recall what apparently impressed me at that time. 50

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You see, the date that this presentation takes place, or the meeting takes place, is 28 June 2007, and on 2 July 2007 there is a game changer in that you call a meeting of all representatives for the purpose of you and Mr Goddard doing a presentation, which leads to information being sought from the vendors which then leads onto an RFP process, being your email of 25 July, and then ultimately leads to an ITO. Was there anything in this presentation that caused you to see or view that a change in direction was required?---No, I have to tell you that I have no recollection of what that was. My understanding is that the topic was principally the SDA.

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You have no recollection that on the whiteboard what was explained to you was the operation of Workbrain?---No, I don't, I'm sorry.

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Just on a more general note though, you were looking for innovative ideas, weren't you?---Certainly.

In terms of IBM's ultimate solution for Workbrain, what did you understand the innovation to be?---Well, eventually they proposed that Workbrain was used for the award computation that they envisaged Workbrain functioning as an external computational engine outside of the payroll flow line and in the end that was something that was seen as innovative definitely.

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Did you have any further understanding of what was innovative about it?---I don't recall. I believe there was a contention, but I think it came from the Workbrain suppliers themselves that it could lead or should lead to faster processing of each transaction.

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Did you appreciate a distinction between rostering and non-rostering agencies and the use of Workbrain in both? ---I had a general understanding. I wouldn't say I was an expert at it.

Whilst it was common knowledge in the market, did you recall discussing with these three IBM representatives on 28 June 2007 that there was a remaining budget of \$108 million for the Shared Services initiative roll-out? ---I don't recall it, but I do recall that that number was no secret around CorpTech. It was a fairly generally known number in that ballpark.

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Yes. What's then recorded is that you tell them that the under-treasurer needs to see that this money has been put to great effect and that the SSS program is heading in the right direction and, if so, he is then prepared to go back to parliament for more funding. You knew that from the under-treasurer?---Well, again, this was a general appreciation that would have been discussed widely around CorpTech that if there was any requirement to go beyond that budgeting, it was something that we were all very conscious of and the under-treasurer had expressed great distaste for that process. If more money was to be procured, he would have to go and front parliament, was the understanding in CorpTech.

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Do you have a recollection of sharing with other vendors the fact that even though there was only \$108 million existing that if the treasurer or under-treasurer saw that this money had been put to great effect and that the SSS program is heading in the right direction and, if so, he was prepared to go back to parliament for more funding? The fact that he was willing to go back to parliament for

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more funding if he thought it was heading in the right direction is a specific piece of information. Do you have a recollection of sharing that with Accenture, Logica and the other vendors?---I don't have a specific recollection of that, Mr Burns, but as I've said, there was no secret around the process and what would happen if the program was to move forward.

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Did Mr Bloomfield and the other IBM representatives discuss with you as a result of this meeting that IBM would be putting their Shared Services A team on the ground at CorpTech on that following Monday to start to understand the problem better?---I don't specifically recall that, but I do recall that at a certain point some additional IBM faces started appearing and asking questions and I could be wrong, but I believe that could be when Mr Paul Surprenant was brought in and got involved.

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All right, thank you?---I'm surmising and trying to be helpful, but - - -

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Yes. You accept that it was as a result of this meeting with you that they actually engaged or put in an A team, what they describe as an A team, on the ground at CorpTech, including Mr Surprenant?---Well, clearly, that would have to be their judgment. I'm assuming I displayed some interest and strategies and they presumably saw a marketing opportunity.

Do you have any recollection of having seen the whiteboard presentation and thinking, "That's the sort of thinking I'm looking for"?---As I said before, Mr Flanagan, I don't specifically recall what it was.

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There's an observation here in this email that:

Terry obviously can't absolutely guarantee IBM a large-scale involvement in the longer term. However, he laboured the fact that Accenture and SAP have nothing new.

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Did you discuss with IBM their possible future role with the Shared Services initiative roll-out at this meeting? ---Again, I don't recall having done that, but in general terms, Mr Flanagan, as I've mentioned a couple of times, I was certainly supportive of any new entrant who created competitive pressure.

Did you use those words, "I can't absolutely guarantee IBM a large-scale involvement"?---I would have had no recollection, I'm afraid, and clearly I was in no position to guarantee anything.

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Why was that?---Because there would have been a procurement process and no-one would be able to award anything without it going through the government process.

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All right, thank you. Can I take you to page 428, thanks. 1
That's of volume 28 again?---Sorry, was it 428?

428. On 29/6/2007 IBM were informed that they were
unsuccessful in obtaining the work as PMO. Yes?---Yes.

In the previous email you looked at, you informed
Mr Bloomfield that that decision would be made on the 29th?
---It seemed like we stuck to it. 10

But it would seem that at the time you told him that
decision would be made on the 29th, you didn't know who
would be awarded the PMO?---I presume not.

Thank you. Then things change. If you look to page 429.
On 29/6/2007 you send an email to Mr Bloomfield and other
vendors where you send an invitation to IBM and other
vendors to send representatives to a supplier briefing on
the status of the program on Monday, 2 July at 2 pm at
level 8 of Santos House. The meeting that you had with 20
Mr Bloomfield and the other two representatives of IBM was
on 27 June 2007 where some whiteboard presentation is done.
Mr Bloomfield describes you as being excited by it, but
soon after on 29 June 2007, you send out this invitation
for a presentation by yourself and Mr Goddard. Yes?

My question is, did the meeting with the three IBM
representatives on 27 June 2007 cause you to have a rethink
about what direction you should be taking to obtain the
innovative and expansive resource that you were seeking?
---I'm sure, Mr Flanagan, nothing could have affected my 30
thinking that would have resulted in within 48 hours us
having a prepared presentation. If I could just again
set the context, if it would be helpful to you. Since
this engagement began during June, we had been in an
information gathering phase, so we were engaged with the
vendors. We had various people talking to them. We'd been
planning at a certain point to present to the vendors and
say, "Look, these are the things we're looking for," and
we were beginning to start getting to the point where we
were saying, "These are things we like. These are things 40
we think we need to change. These are areas where we are
trying to get new innovative ideas and these are our main
concerns," and clearly costs would have been something that
we eventually were very clear that we would need to get to.
So I'm sure in this context this was a natural progression
of that work evolving to a point where we were needing to
have spoken to the vendors. I'm quite sure that the
presentation would have been quite a detailed one, well
constructed, I would hope, and it would have been prepared,
I think, quite a long time before the actual date. 50

Yes. The presentation is actually dated 2 July 2007 so one still has some time to prepare it but I'm wrong in my dates; you actually have the meeting with the IBM representatives on 28/6/07 where the whiteboard presentation is done raising Workbrain with you?---I have no recollection - - -

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You have no recollection, all right?---Yes.

And it would seem that the following day you send out invitations to all vendors for a presentation to occur. Now, I'm asking you what brought about that change in tact?---As I said, I would assume and I believe that that would have been a date that would have been logical in terms of our natural progression of events in that we were gathering information and that we were now ready to talk to the vendors.

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Is your evidence that it is not in any way connected with the meeting you had with the IBM representatives the day before? ---Yes, it is. I have no recollection of anything that would have stimulated me to do that.

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Can I take you then to the presentation itself. If I take you to page 431. It's a presentation by you and Mr Goddard on 10 July 2007 called Supplier Partner Briefing. Now, who wrote this document?---I would assume that it was Mr Goddard and myself compiling it. Mr Goddard tended to do the bulk of the presentation preparation.

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Who did the presentation on the actual day? Was it both of you?---Again, I would have to say that I have no specific recollection. It's probable that we shared it.

What was the purpose of having this presentation?---I would assume it was to keep the vendors engaged with our process of examining new opportunities, new ways of approaching the work at SSI. It would have been certainly with an objective or stimulating more reaction from them, looking to guide where we had areas where they might come back to us with new ideas and informing them of the review process.

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Yes. If you go to page 433, there you identify the objectives of phase three which is the rebuild, is it not? ---Yes.

And one of the objectives there is managed within current available funding. Yes?---Yes.

But it's the case that you knew that if the under-treasurer saw sufficient, if you like, bang for the buck in terms of the roll-out under the existing budget, that he was willing to go back to parliament for further funding?---I'm not sure he specifically said that but that was our general understanding.

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All right. And that's what Mr Bloomfield records you as telling him and the other two representatives?---Yes. There was no secret of that. 1

The second dot point is deliver or revise a solution model both functional and technical for acceptance by the program rebuild steering committee. Now, who compiled the steering committee?---Who comprised it?

Yes, comprised it?---I would assume it was fundamentally - I don't actually recall, I'm sure somewhere there would be a document with the members but the original review steering committee was chaired by Mr David Ford. I think it's probable that the steering committee constitution had endured. 10

All right, thank you. Then at page 437. It refers to the structural reform and governance PMO and SDA and has your name beside it. What does that indicate?---I think the names beside them were fundamentally the team leads of those pieces of work. 20

There is a name beside project management office of Anthony Close. Do you know who that is?---Yes. He was the person who was then appointed from SMS.

Right, thank you?---And was the head of the project management office.

Did he maintain that position whilst you were at CorpTech or contracted to CorpTech?---I know he did depart at some stage. I believe they reassigned him - I couldn't tell you when exactly he left. 30

All right. Was it before the ITO process?---I'm sorry, I wouldn't be able to be sure of that.

Thank you. Then it has a notation, "Solution design authority, SDA Terry Burns." What does that indicate? ---That I was the designated person responsible and contact person, I think, for that. 40

Then underneath that is Supplier Partners, again with your name?---Yes.

What is the reference there to supplier partners? How should we understand that?---I think again I was the point of - person who was designated as the point of contact for supplier partner discussions. 50

And those supplier partners are of course Accenture, IBM, Logica and SAP and others?---And others, yes.

Yes, thank you. Now, at page 438, it identifies that for the phase three governance, you will direct the assignment under the guidance of a steering group and has assumed the

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role of program review director. Is that the title that Ms Perrott had given you?---Yes.

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In terms of the role of program review director just in a nutshell, what was it?---To manage the process of the review and rebuild and to deliver an outcome and purport against the terms of reference and the assignment charter.

Thank you. Then page 440, the SDA project. The second dot point there says revise and restate the scope and design that include dealing with schedule 9?---Yes, it probably would have included the schedule that was essentially around the scope.

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Yes, and bringing forward Queensland Health?---Well, that would have been technically part of it but it certainly - I don't believe it was anywhere near conclusion at this time.

No. Doing as best as you can, when was it was first decided to bring forward Queensland Health?---I believe the point at which that happened was after the - this I think we were still in - what we discussed yesterday as the request for information then we moved to the request for offer where we got ball park price ranges. I think I mentioned yesterday we then moved to a process having now got approaches and then general costings from the vendors. We moved to a process where we set up secluded teams and these were scenario modeling teams, so there were eight different scenarios that had now been extracted by the working groups from all the information. These involved different prioritisations and different assumptions around the pressures from the agencies and the departments in terms of priorities and assessments of the risks and issues associated with each scenario, and then looking at current commitments based in the release schedules. These teams then took them away and modeled the eight major scenarios and there were, I believe, 19 sub-variations of these models, so it was a very challenging intellectual process and they worked in seclusion. When they came back, that was basically the first time that they had put on the table that the LATTICE agencies should be brought forward in terms of the priorities.

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And in terms of the process, when did that process actually occur and that decision was put on the table - well, not decision put on the table but the proposal put on the table?---I'm guessing but would assume it would have been in early August because it did inform a briefing note that was drafted for the deputy - for the under-treasurer to submit to the CEO governing board, and it was that process which I think you're aware was reviewed by KPMG as well as their second external review on my very strong suggestion that all the work that we had done in rebuild, particularly the scenarios, was externally reviewed for validity and correctness and they also reviewed the briefing note that was drafted.

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You mightn't recall but that briefing note was dated 16 August 2007?---That would make sense, about that time.

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And then as part of this presentation to the vendors, at page 445, under the heading Consideration you identified three matters. Can you just outline what they were or expand upon those three matters?---I think, again, we were reinforcing the interest in innovative ideas and any scenarios from the vendors and partners that would dramatically would affect our ability to deliver solutions at lower costs and in better time scales.

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COMMISSIONER: Mr Burns, as we saw earlier, your engagement in the June contract referred to one of your roles as being negotiated with the prime contractor. The notion using prime contractor is referred to in Mr Bradley's August - there's no doubt you've seen it. Is it right that by this stage or this meeting with the suppliers you had decided, or others had decided, that there should be a prime contractor, that was the way to go forward?---I think it was, by this time, Mr Commissioner, a very strongly discussed point of view, it had by this time become, certainly in my opinion and a number of other senior people's opinion, a very good option to consider.

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Did you discuss that with Mr Bradley?---I'm sure in our feedback meetings to Mr David Ford, and who I understood he took those outputs and reviewed them with Mr Gerard Bradley. It would have been in Mr Bradley's information sphere as well.

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There doesn't seem to be, as least I haven't seen it that I can recall, a documentary record of the proposal or the recommendation that there be a prime contractor, it appears to have been a result of the discussions. Is that your recollection?---I think it is, Mr Commissioner. It was part of this very intensive process of discussion and review and debate on options, and it was an adaptation of the previous model where they had partnering arrangements which were loosely constructed with different vendors, for example, around finance with Logica and HR with Accenture. So a lot of debate had been in the group around, "Well, why would we not move to give one vendor the opportunity to deliver everything under the correct contractual construction if that delivered cost benefit?" And I should add that the RFO process, which was a very interesting output which significantly affected the scenario modelling, was there were very clear indications which aggregated to a potential to save up to 50 per cent of the costs going forward on the current model that had been employed, which had those very alarming cost estimates related to them. So coming out that RFI and an RFO pricing process, there was a very positive and quite an exciting outcome that there was a model emerging that enabled us to look at very significant cost advantages, and it kind of underpinned that prime contractor model.

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MR FLANAGAN: Some have suggested that the prime contractor model was something that you were quite proud of an you adopted as, in effect, your idea?--I would think I would be taking credit for something that was a pretty collegiate view. Certainly, I did get to the point where I believed strongly that it was the correct way to go, but I would not claim it was my initiative.

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There were certain dissenters to that though, weren't there? "I dealt with Mr Hood but Mr Bond was also against the idea of a prime contract model"?--Well, I don't think it was everyone's view that it was necessarily the best way to go, I think particularly Mr Bond had championed the existing approach where they had partnership arrangements with specific vendors which gave those vendors comfort in the area of HR or finance.

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Yes?--And that was one of my concerns, was that there didn't seem to be a way to get a competitive bidder into those partnering arrangements.

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Can I take you then to page 548, which is the email that you sent out to the vendors on 25 July 2008?--Did you say 5?

548?--Yes.

Yes, thank you. This document is has a specific reference, does it not, to the prime contractor role across the whole program?--Yes.

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And this was one of the first documents that was sent to the vendors for the purpose of seeking a response from them, or a proposal from them, which identified a number of things that you refer to there but including indicative pricing. Yes?--Yes. Would it be helpful for me to clarify a little bit?

It would be, yes?--We'd been having these discussions with the vendors, some of them one-on-one in terms of meeting with a vendor individually, and some in those group presentations. The concept of prime contractor, by this time, had been discussed openly and was well and truly on the table. This email was really to pull together, and I believe I submitted a draft to Maree Blakeney at procurement and she approved it. It was to make sure that in getting the final responses from the vendors that there was clarity, so we individually said to them, "Well, you know, okay, that's interesting. Can you give us some costings? We like that approach, don't like that," so we thought - the advice was, "We'll make sure everybody's got the same format, the same request," so it was an attempt, I believe, to go out and just make sure they had clarity on the points that we wished to get input on.

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All right. The document itself said that the closing date for proposals was 7 August 2007, but it also offered to the opponents to do a presentation prior to putting in their proposal, and that was a presentation to be made to the senior management group before this date?---Yes.

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You understood the senior management group to be those members at least of the steering committee and other members of CorpTech and Queensland Treasury, as well as yourself and Mr Goddard?---Yes.

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Now, you know that on 3 August 2007, through an invitation from Mr Bloomfield, that you and perhaps Mr Goddard attend IBM offices for what Mr Bloomfield has described as the "dry run" of the proposal. My question is this: do you have a recollection of attending IBM's offices for this dry run in relation to the RFP process?---I don't have a specific recollection of that at all, but I wouldn't have a problem if it did occur. It was part of this process that we had of - - -

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Why, if the invitation is for a presentation for senior management, why would you give one vendor the opportunity to have a dry run but not other vendors?---Because I'm sure in our communications we would have discussed with all the vendors, "If you want to sound things out with us, that's what we're here to do," and it was specifically, I think, Mr Goddard and myself who had this engagement with the suppliers. So we would have welcomed, offered, and I'm not sure whether we might have even had other dry run meetings where people come and said, "Look, is sounding the general area, have we got it right?" We were very anxious not to waste anyone's time, we were running out of time, so we were keen that they got the target clearly identified and they aimed their responses very specifically. So we were keen to say, "Any help you want we will be happy to say, you know, you're missing the point there, this is on target, good. Come back to us with that."

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The only dry run with any vendors where you were present, and only you with Mr Goddard, was in relation to IBM, was it?---I am confirming I have no recollection of that meeting.

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Of that meeting, but you don't have any recollection of a dry run being conducted by other vendors in this process before yourself and Mr Goddard?---No. But the other vendors had a much more easy and informal access to us because they were based all around us. The only one that we would have specifically possibly have a formal meeting with would have been IBM.

10

This is slightly different. This is actually IBM being able to do their presentation of their proposal that they're going to do to the senior management group - - - ?
---Yes.

- - - but do it to you and Mr Goddard?---Yes.

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Therefore, anything you say to IBM, Mr Burns, in those circumstances is not hindered by the presence of a CorpTech or Treasury person. Do you appreciate that?---I wouldn't use the term "hindered" but I mean given that Mr Goddard and I had been charged with meeting and negotiating and discussing with the vendors all along, there would have been no particular difference in, for example, presentations that he and I gave.

Quite. But from the very beginning, you had what Mr Bloomfield describes on 1 May 2007 an on the record conversation and off the record conversation; one which a government official, Ms McMillan, was present; the second of which Ms McMillan is not present. This dry run is actually with a vendor where no government official is present. Yes?---But, Mr Flanagan, we were charged with that role. If I had not made myself available or Mr Goddard, we were both contractors - that was our job we were charged with.

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There was absolutely no reason for you to be there without a government official, was there?---What government official would I have taken?

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A CorpTech official?---But we were having all sorts of meetings all the time without CorpTech officials.

The offer had been to senior management, had it not? It hadn't been to do a presentation before - - - ?---That was when they would come and give the formal presentation.

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Yes. But this is a dry run of that presentation which is before you and perhaps Mr Goddard?---But that was our job.

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Do you recall what you said to IBM after they had done their dry run proposal or presentation?---No, I have no recollection.

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None whatsoever?---No.

Did you assist them by saying, "You've missed the point here. You've missed the point there. What are you going to say about price?" What did you say?---I have no idea.

10

Why couldn't you have taken a CorpTech representative with you? Why couldn't you have taken Mr Bond with you or Mr Hood with you or Ms Perrott with you?---But you saw the list of names where we had work groups assigned. I was assigned to suppliers. Typically, Mr Goddard accompanied me.

You see, you're the only person - or IBM is the only vendor that has you for a dry run proposal. Do you see?---I'm not - that's not necessarily true. I don't know if I had similar discussions with Mr Goddard with the other vendors.

20

But never in the presence of just you and Mr Goddard; always with either Ms Perrott present or some other CorpTech or Treasury representative?---I'm saying that's not necessarily correct at all.

You see, you're a contractor - - - ?---We had many meetings around the corner with SAP. They had an office around the corner. We were frequently there. We frequently met in CorpTech meeting rooms with SAP representatives, Accenture representatives.

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Yes, but always with - - - ?---And we didn't always feel the need to go outside and find a CorpTech person.

Yes, but this is a dry run of a presentation where there's been a change in tactic. This is where's a request for a proposal that's been put forward - that is a proposal to become in terms a prime contractor. Yes?---Well, this was early days. We were getting their presentations in and their proposals.

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Quite. But this is the first time it's been proposed that there will be a prime contractor model. Yes?---I'm not sure where that proposal is actually being voiced, but it had been discussed in the discussions with vendors previously.

In your email to the vendors on 25 July 2007, this is the first time it's been proposed that they put forward a proposal to become the prime contractor. Yes?---It was a confirmation of that. Yes.

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Quite. The dry run that IBM was doing before yourself and Mr Goddard is actually a proposal in response to that request. Yes?---Mm. 1

Yes?---Yes, it would be.

So it's a proposal being put forward for them to become prime contractor. Yes; or at least a step towards them becoming prime contractor?---Yes. 10

You attend IBM's offices without any CorpTech official or any Treasury person, certainly not a member of the senior management group which is referred to in your email and you sit there and IBM for an hour, at least, it seems - an hour - to go through their presentation that they're going to present to the senior management group?---Mm.

What did you say to them?---I have no idea what I said to them, but I would have presumably reacted to what we considered good ideas or poor ideas. 20

Did you tell Ms Perrott you were going down to IBM for a dry run?---Quite possibly. I have no idea.

You don't have a specific recollection of it?---No, I don't.

You don't have any recollection of that?---I don't. I don't have a recollection of actually being at the meeting. 30

Having done it with IBM, did you think to yourself: having given them a dry run, I should in fairness give Accenture and Logica and SAP a dry run. Indeed, this proposal had been sent to - - - ?---To all the vendors.

- - - all the vendors, hadn't it?---Mm.

But it's the fact, Mr Burns, that the only dry run presentation for this particular proposal that you attended was IBM's?---No, I'm not - yes, I'm not agreeing with that. It's possible that I had dry run discussions on an informal basis or formal basis with other vendors. 40

I'll make my question more specific. This is the only dry run presentation where you and Mr Goddard only were present?---Again, I can't recall whether that's true or not.

May I take you to volume 26, page 1169?---I'm sorry, what was the volume number? 50

Volume 26.

COMMISSIONER: 1169 or 10?

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MR FLANAGAN: 1169 please?---1169?

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1169. This is not your document, Mr Burns. It's actually a constructed file note of Mr Salouk of Accenture. It records a meeting that was conducted on 2 August 2007 with the under-treasurer Mr Bradley, Mr Ford, Ms Perrott, yourself, Mr Goddard, Joanne Bugden, Maree Blakeney and from Accenture there attended Mr Doug Snedden, Mr Simon Porter and Marcus Salouk. Do you recall that meeting?---I have a general recollection of that.

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Actually, I'll let you read it first?---Yes.

Thank you. Do you recall that Accenture had a concern in relation to this process that you had put forward or started with the 25 July 2007 email that if they put in a proposal, including with pricing, that it could ultimately find its way to market?---I don't specifically recall that issue.

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Do you recall this that Accenture was keen to find out whether the government would buy, that is the government would contract, at the end of the RFP process?---Again, I can't say I specifically remember that.

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Do you have a recollection of meeting with Accenture representatives after the RFP process where it's been decided to go onto a more formal ITO process, of Accenture expressing some disappointment that the government, in spite of certain indications that they could contract from the RFP, did not in fact contract?---I have a general recollection of a couple of meetings or a meeting with Accenture, but I'm afraid I can't specifically tell you on what day or what the topics were.

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Apart from Accenture's actual presentation to the senior management group, do you have any recollection of any other meeting that Accenture had with CorpTech or yourself or Mr Goddard other than this meeting recorded here on 2 August 2007?---As I said, I believed there was a meeting in Ms Perrott's office which would have been separate from this.

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With Ms Perrott present?---Yes, I'm sure it was.

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Good. Thank you?---Again, I'm being very general in my recollection, I'm afraid.

Just before we leave that document, I need to ask you one more thing: Mr Salouk has recorded in the third dot point on page 1170 that:

Queensland Treasury confirmed that they had received legal advice and were confident they could purchase from the process.

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Do you see that?---I'm sorry, the third dot point?

It's under the, "The above topics were raised directly by Accenture," third dot point?---I see that.

Did you have any knowledge of legal advice having been received saying that after this RFP process you could contract?---I don't have any recollection of where that reference comes from.

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That was your belief though, that you could contract after this process that you had instigated?---I believe that at an early stage in the process, I think certainly Mr Goddard and I and others believed that it could lead to a process where negotiations could commence. If my recollection serves me correctly, I think then additional legal advice was obtained.

From Mr Swinson?---Yes, I think it probably was Mr Swinson. And I believe then the advice was to move to a more formal open tender process.

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Do you recall the effect of the advice was that a government could contract but it was more prudent to proceed to a more formal process?---I'm sorry, I don't have a recollection of that.

1

Can I take you to volume 32. May I ask you to go, first of all, volume 32, tab 30, Mr Burns? And if you turn to page 3 of item 30.1. Now, this email is dated 20 July 2007, and it seems to be from Mr Porter of Accenture to you with a copy to Ms McMillan and two persons from Accenture:

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Terry, our initial planning for our next meeting, as indicated, we would like a whole day to present to your team, preferably 31 January 2007 -

this is.

We will send a draft agenda for discussion early next week as well as a list of questions that will help us direct our proposal to you. Please confirm your willingness for a one-day workshop.

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Now, this is before you had sent out your email of 25 July 2007, and it's certainly before you had met with the IBM representatives on 28 June 2007. So it's five days before you send out your proposal. Yes?---Yes.

Or request for proposal?---Yes.

Do you have any memory of a request from Accenture for a one-day workshop?---I don't, but I am seeing it in the email.

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All right. And then if you turn to page 2, at the very bottom of the page we see that it's an original message, it's an email from you, and then over the page, back to page 3, dated 23 July 2007, where you copy this to Ms McMillan so it seems that she's still there at CorpTech at this stage:

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Re Accenture proposal: Simon, no problem in principle for one-day meeting. We just need to see the draft agenda and also probably need to give you a briefing update on our thinking in the next few days as well. Our thinking is driven by risk and cost mitigation needs, as outlined to you before.

When you responded to Mr Porter in those terms, Mr Burns, had you decided by 23 July 2007 that you would seeking a request for proposal from all vendors?---I'm trying to think whether the date sequence would have worked. I'd have to say I'm not clear when we got the legal advice that confirmed we needed to go to a full process.

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This is two days before you send out your email which is the request for proposals from them which is not the ITO.

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I'm just trying to work out the sequence of when you decided that you would send a request for proposal to all vendors?---Well, it wouldn't have been just me, it would have been the executive committee.

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Yes?---I can't give you any clarity, I'm afraid, on dates.

Thank you. If you then turn over back to page 2, and this is again from Mr Porter, dated 24 July 2007, so the day before you send out your request for proposal. It's copied again to Ms McMillan of CorpTech and Trish Bradham at CorpTech. What role does she have?---She also became part of the transition group that was assisting with processes and meetings, document provision to vendors.

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And it's Accenture proposal. Now, this would seem to be a proposal, or the same proposal, that had been recommended by or that had been suggested by Mr Porter in his earlier email to you on 20 July. Yes?---Yes.

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And that's for the one-day workshop.

Thank you for the meeting today. As a result of what we discussed, we would like to move forward with the following plan: 1 August, two-hour key issue meeting and workshop. We would prefer the audience small and at the executive level, that is, Accenture team from today as well as Doug Snedden, meeting with Gerard -

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which is a reference to Mr Bradley -

David -

a reference to Mr Ford -

Barbara and Terry.

Yes?---Yes.

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And this would seem to be a follow on from the presentation they had actually done on that day, which was 24 July. Yes?---Was that the one we looked at earlier, was that the 24th?

Yes?---To Gerard Bradley?

No, that was 2 August?---Sorry.

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This is actually all happening before your request for proposal of 25 July goes out. Then 7 August: 1

Presentation of Accenture proposal preferably at Accenture. The first hour of the meeting would be executive summary of our presentation. We would like both Gerard and David to attend the first hour and the whole evaluation team being there for the whole day.

The question that's being asked is that: if your proposal, or request for proposal, doesn't go out until 25 July 2007, why is Mr Porter writing to you on 24 July 2007 seeking these meetings?---I would assume this was Accenture's culmination of the presentations which we mentioned earlier where there was a whole series of them, and I'm assuming that after we completed this round and series of presentations the advice that I got from procurement was, "Send out a clarification email on being absolutely sure," and list all the items that we would be seeking in a final submission, that's my assumption of the sequence. 10 20

COMMISSIONER: And to create, as it were, a level playing field - although I had clichés - that is, to treat all the potential suppliers equally; put them on the same footing and give them all the same notice. Was that the idea? ---That was the idea of that email.

Rather than the more informal ad hoc meetings you had been having with people like Mr Salouk and perhaps Mr Bloomfield?---Yes. These meetings, as you would appreciate, were very much driven by the vendors' desire to present and meet and we were accepting these - - - 30

In response to your request for new ideas and proposals and - - - ?---Yes.

On 25 July, you moved to formalise things, treat everyone equally, put everyone on the same footing and ask - - - ? ---Yes. 40

- - - them to give you a detailed response?---That is the thinking and that was the reason we recorded it identically to each vendor.

Yes.

MR FLANAGAN: It would seem, however, that in the email sent to you by Mr Porter on 24 July 2007, in the second-last line he says: 50

Please confirm your acceptance of this schedule. We would also appreciate confirmation that 7 August will be the close date for all proposals -

which seems that Accenture, having arranged these meetings with yourself and people from CorpTech had in mind that these same proposals or similar proposals were being made by other vendors. My question is when you received this email, did that cause you to think: well, they're talking about all proposals, therefore, we should regularise this by sending out the email to all vendors to give them all the opportunity to make proposals by 7 August?---I would assume that that was the thinking was to make sure that we then regularised it with everyone and we got everyone in with, as it were, their best final presentation.

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The slight mystery is this, Mr Burns, is that this is dated 24 July 2007, but the proposal to all vendors doesn't go out till 25 July 2007. There's a coincidence of 7 August being the final date for the presentations to be in or for the proposals to be in and there's also that reference to all proposals?---Yes. I'm just trying to recall it. I would assume that this probably was one of the last from Accenture. So the process then, as Mr Commissioner himself outlined a moment ago, was that we then said, "Let's sit down and make sure everyone is clear on dates," and I think it was the 7th and the 14th were the key dates and to make sure everyone understood the final formats of information we were seeking.

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Can you recall the process, internal process, from, if you like, a probity point of view that led to the issuing of the request for proposal to all vendors?---The 25th?

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Yes?---I have a very strong feeling I definitely cleared the wording and it was approved by Maree Blakeney of procurement. I'm not sure whether she would have in turn referred it to - I'm not sure whether Mr Swinson was engaged by them at that stage, but I assume they would have had clarity on allowing that to go out.

All right. Trish Bradham, what area is she in?---At this time?

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Yes, at this time?---She was assigned to us, as I said, to give general support on assembling information in response to vendor request. She also played a role in arranging certain presentations, I think.

Was it your decision or was it a group decision to proceed by way of a more generalised request for proposal?---I'm sorry I'm not clear.

Was it your decision or your decision in conjunction with others at CorpTech to move towards a general request for proposal?---You mean that RFO or the ITO?

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Yes. The RFP, we call it, your email of 25 July?---It would certainly have been something that was discussed and authorised by the full group; certainly Ms Perrott, procurement.

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If you then, to finish this sequence, turn to page 1. It's an email from Trish Bradham to Mr Porter that:

Dianne is currently assessing the availability of Gerard, David, Barbara and Terry to attend the session on August 1. Could you please provide the agenda of what this session will include and any pre-reading necessary?

10

That's a meeting that ultimately takes place, it seems, on 2 August 2007, which is the one I've taken you to?---Yes, it seems so.

Then he replies:

The high-level agenda for this meeting will involve discussing our plans for the executive level governance for the program, including organisation structure, our proposed contracting model and approach.

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That email is sent at 12.52 pm. I think we can just check - if someone would check for me - volume 28 page 548. Yes. The email that was - - -

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COMMISSIONER: 10.58.

MR FLANAGAN: - - - sent out was actually at 10.58 am, which was a couple of hours before this email is sent by Mr Porter at 12.52 pm. Just to complete the picture then in relation to - we've dealt with Accenture. Can I just deal with Logica then? Can I ask you in the same volume, volume 32, could you turn to tab 31? May I ask you to turn to page 2 to start with, please, Mr Burns? It's an email from Michael Duke at the very bottom of the page, to Kirsty Trusz, request for some further information.

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COMMISSIONER: It's actually to Mr Burns, isn't it? 1

MR FLANAGAN: It's to Mr Burns. I'm sorry.

COMMISSIONER: CC to Ms Trusz.

MR FLANAGAN: Yes, it is. CC'd to Kirsty Trusz at CorpTech, but it's to you, Mr Burns. It's a request for some further information, "Hi, Terry. We have booked a meeting with you and Barbara" - that's a reference to Ms Perrott. Yes?---Yes. 10

"- - - for tomorrow at 1 pm. As we are progressing with our response, we are seeking the following information," and then - in any event, you were receiving a request from a number of vendors at this time, were you not?---Yes.

All right. If you turn to page 1, this is an email from Mr Duke dated 31 July 2007 at 4.09 pm, which is still the same subject matter, "Request for some further information." He says: 20

I am sorry, we actually wanted to meet with just you and Barbara at 1 pm tomorrow. We wanted to use this meeting to test our approach on both and put some of our cards on the table in what we are trying to complete within the time frames. Can we go ahead with this meeting with just the two of you and perhaps Maree, if there is a probity requirement? 30

That reference to the probity requirement is a reference to Maree Blakeney from procurement?---Yes.

Thank you. Did you have a meeting with Mr Duke from Logica with Ms Perrott present?---No, I don't specifically recall this meeting, but I do recall that we did - Barbara Perrott and I did have meetings with Logica.

Yes, okay. You can put that volume aside, thanks, Mr Burns. When you received the proposals to the RFP, you went through an evaluation process where an evaluation matrix was done and to your own knowledge, do you recall that Accenture was rated at around 76 per cent?---I'll take your word for it. I have no specific recollection of the numbers. 40

All right. But you recall that Accenture had been rated highest in terms of the evaluation of the bids that had been received in response to the RFP?---It sounds like it was that, yes. 50

You participated in the evaluation process?---No, I was not allowed to evaluate so - - -

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Why was that?---I think all the people doing scoring and evaluating were public servants - - - 1

Yes?--- - - - and I believe - I don't think Mr Goddard or myself or anyone - I think we were again termed as facilitators.

For that process, for the RFP or for the ITO or both?---I think it was both. 10

Now, as a result of the RFP, a letter is then sent out to all vendors where it's identified that Accenture and IBM being the highest bidders if you like, or best bids - - -? ---Yes.

- - - and then that you would be moving to a more formal ITO process. Yes?---I recall we were instructed that that was the letter that Ms Perrott, I think, sent out.

Yes, all right. You don't need to see that letter, do you? ---No, I think I have seen it. 20

Thank you. Can I then just take you to exhibit 32, if I may. This is an email constructed by Mr Bloomfield where he received, it would seem, an email that Mr Porter of Accenture had sent to another person. You don't need to be concerned how Mr Bloomfield came to be in possession of this but if you turn over the page, you will see that Mr Bloomfield forwarded it to Mr Surprenant on 3 August 2007. This is actually the day after that Accenture had met with Mr Bradley, Ms Perrott and yourself and I'm taking you to the notes of by Mr Salouk of that meeting. Was it ever brought to your attention by Mr Bloomfield that information had been gleaned as to Accenture's approach? Actually, I will ask you a more specific question?---Yes. 30

Did you ever discuss the contents of this email with Mr Bloomfield?---No. To my knowledge, I've never seen this email. 40

No. All right, thank you. Then similarly, if you could turn, Mr Burns, to page 4 of exhibit 32, I won't take the time to show you the evaluation matrix done for the evaluation of the RFP proposals but you can take it from me that Accenture was actually rated at 76 per cent. In the final proposal, IBM was rated at 68 per cent and one of the weaknesses identified in the BIM proposal was too much outsourcing in relation to offshore cost or offshore work? ---Mm'hm. 50

Again, my question is this: this is dated 22 August 2008, so it's after the evaluation - or actually, do you know when the evaluation of the RFP finished because the letter goes out on 20 August saying, "Here are the two highest-rated ones"?---I'm just thinking back to the date

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you mentioned on that briefing note which I think you said was the 16th. 1

16 August, yes?---I would assume that it had been done around at that date.

Again, Mr Burns, do you have any knowledge that - first of all, did you know a Ms Bennett from IBM?---No, not to my knowledge. 10

All right. But you had by this stage, you certainly knew Mr Bloomfield?---Yes.

Did you have any knowledge that details from the scoring matrix for the evaluation of the RFP had been somehow obtained by Ms Bennett from IBM?---Not to my recollection at all.

I will come to an email that you write to Ms Perrott where there is a security breach that you identify but looking at it now, do you have any knowledge of this?---No, I don't. 20

Thank you. Can I then ask you to turn to page 6. This is an email from Mr Sullivan to Mr Bloomfield, dated 29 August 2007. I'm not terribly concerned with the first paragraph but if you look at the second paragraph and read that, please?---Yes, that's it.

Yes. Did you ever discuss that matter with anyone?---Not to my knowledge. 30

Can I then take you to volume 33 - sorry, can I take you to your email then to Ms Perrott which is volume 33-1, page 36?---I'm sorry, the page number?

Page 36?---Yes, I see it.

Do you have a recollection of Mr Bloomfield ringing you to bring certain matters to your attention?---I wouldn't say I remember the phone call. I am now remember this incident. 40

In this email, you say, "I have checked and am assured this was not possible." Do you see that?---Yes.

And that's a reference both to a staff member that the agency had mentioned that they had access to the RFI evaluation matrix. Mr Burns, from your previous experience both with IBM and in business generally, if you're a competitor, would it assist you in a tender process to know that one competitor is intending to put a do-not-exceed price as opposed to a fixed price or an estimate?---I would be very skeptical of any specific advantage but I mean, it's very difficult to just make a comment without understanding the full context and what was involved. 50

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Do you agree with me that any details from the evaluation matrix done by CorpTech of the proposals sent in response to the RFP should not have made their way to an email from one IBM person to other IBM persons?---Yes, absolutely.

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Had it come to your attention that some detail from the evaluation matrix had been brought to the attention of IBM, what action would you have taken?---I presume, as with this, I would have taken it to Barbara Perrott and she would have known the correct probity or legal issues or processes that should be brought into play.

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All right, thank you.

COMMISSIONER: Mr Burns, it seems that that letter that you advise should be sent was never in fact - at least Accenture never got one? Do you know why that was?---The letter that we drafted from Ms Barbara Perrott?

Yes. You drafted a letter and suggested it go out. It seems it didn't go out. Do you know why that was?---No, I don't. You're confirming that it never went out?

20

Mr Salouk from Accenture didn't get one?---There's no record on CorpTech files of who that letter went to or we don't have them?

No?---I'd be very surprised. I mean, Ms Perrott would have treated this matter, I'm sure, very seriously. She was very efficient at that sort of thing.

30

The CorpTech file is not the easiest to access at the present time, Mr Burns?---Yes. That's unfortunate, I'm sure.

MR FLANAGAN: May I take you back to volume 28. Ms Perrott's letter was 20 August 2008, notifying that an ITO or more formal process would be entered into for determining who would be awarded the prime contract. Thereafter, a number of meetings were to be organised where you were to meet with both Accenture and IBM, but on 29 August 2007, if you look at page 701, you sent an email to all the vendors, being IBM, Logica, Accenture and SAP saying that you'd received advice that you could no longer be engaging in discussions with vendors who will be the RFO respondents?---Yes, I see that.

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After that date, Mr Burns, that is 28 August 2007 - sorry, 29 August - 28 August 2007, which is the date of your email, apart from clarification presentations or meetings in the context of the evaluation of the ITO, did you have any further meetings with Mr Bloomfield or other IBM representatives?---Not to my knowledge.

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Did you have any meetings with any Accenture representatives after this date?---Again, not to my knowledge.

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The same question for Logica and SAP representatives?
---Correct.

Thank you. Can I move to a topic of price and for this purpose can I ask that we first take up volume 29. In volume 29, if you would turn to page 1164. You can take it from me that the responses to the ITO were required - there was an extension but they were required to be entered on 8 October 2007. On 12 October 2007, Mr Bloomfield emails Ms Blakeney with an electronic copy of IBM's executive summary. If you turn to page 1166, there is a footnote at that page of the executive summary:

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IBM's price for phase one and two is \$98 million, excluding expenses.

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Do you see that?---I do.

In the dry run that happened with IBM on 3 August 2007, do you recall IBM discussing with you how much they had allowed for travelling and accommodation expenses?---I'm sorry, is this the dry run that I have no recollection of?

Yes. Do you have any recollection of them talking about price at all on that occasion?---I don't, Mr Flanagan.

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All right. You read the executive summary when you received it?---In the ITO?

Yes?---When the formal responses were received?

Yes?---I'm not sure whether I would have or not. I probably did at some stage. During the ITO process?

During the ITO process?---Probably. I didn't specifically go through a lot of the detail. That was the work of the teams, but I probably read the executive summaries.

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In the meeting notes of Mr Salouk I showed you for 2 August, one of Accenture's concerns, and something they specifically expressed to the under-treasurer in your presence, was that the under-treasurer should avoid what they termed the silver bullet, that is, a vendor coming in with a price that was within the perceived budget of CorpTech, that is underneath the existing \$108 million, to do the whole of government roll-out. Yes? Do you recall that?---I recall that comment from Accenture.

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Yes?---Yes.

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You were aware, having read the proposals in response to your email of 25 July 2007 that entities such as Accenture and IBM had given you indicative pricing. Yes?---Yes. I would have been aware of that.

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As part of this process, you were aware that Accenture quoted approximately \$175 million in its RFP?---I have no recollection of it, but if that was the case, I'm sure - -

In their ITO they quoted a price of around \$176 million. I might have that the other way around but it's almost the same price that they quoted for the RFP - as they quoted for the ITO?---Yes.

10

Do you also recall that they actually put in a reconciliation sheet showing how they reconciled their RFP price with their RFO price. Yes?---I couldn't say I recall it, but if you say it's there - - -

Do you have a recollection at least of this that there was a consistency as between Accenture's RFP price and ITO price?---I'm going to have to be honest and say I don't recall the numbers that well to be able to confirm that assertion.

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Without going to the documents again, can I just bring to your attention that the IBM indicative pricing in the RFP process was in the order of 153 million to 190 million dollars. Yes?---Yes, if that's the figure you're stating.

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And this footnote here is suggesting that the ITO price was \$98 million?---Yes, it's a strange place to put the price, isn't it?

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There's a pricing schedule, but the only place that - first of all, I should say the ITO didn't call for a specific price but that's where they put their specific price. But my question to you is this: did you, at any stage during the evaluation process, in your role - and I'll come to how your role has been described by various people - but in your role did it cause you concern that there was a difference in the indicative pricing of IBM as at 7 August 2007 and the ITO price, that is, the difference between \$98 million and a range of \$153 to \$190 million? ---I'm sorry, can I just be clear? Are you referring to the evaluation process in the ITO?

10

Yes?---I don't recall that at all, but I only saw the figures at a very late stage and I don't recall being very involved in the reconciliation of the costings. I'm going to have to tell you that I don't have any recollection of noting a difference in how their price had shifted.

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Mr Shah was on the pricing evaluation panel, wasn't he? ---Yes, I believe he got drawn in when one of the original members dropped out.

Actually, Ms Bugden had to drop out and Ms Orange took over from Ms Bugden?---Yes.

30

But you actually caused Mr Shah to be appointed to the evaluation price panel, didn't you?---I don't recall whether I would have appointed him, I think Ms Perrott had total governance over the team.

Yes, but you lead the process, didn't you?---I facilitated it under her leadership, really. So I was there quite often on a day-to-day basis.

Yes, well, can I suggest to you that you actually lead the process?---Yes, I lead the day-to-day process.

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Yes, and Mr Shah was one of your right hand men?---He was on the transition team with Mr Goddard and myself.

And you had a high opinion of him?---He was very efficient.

And you wanted him on the pricing team and you put him on the pricing team?---No, I wouldn't say I wanted him on the pricing team, I'm sure there was a request for a resource. I'm not sure whether I volunteered him or he volunteered himself or someone else said, "I know Shaurin's really good at spreadsheets."

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All right. Let's not worry about that. In any event, the person that you - - -?---But did get onto the pricing panel. 1

That did get onto the pricing panel was Mr Shad. Yes?---It was, indeed.

And the other person who got onto the pricing team was a Ms DiCarlo, is that correct?---Well, she would have been appointed by Ms Perrott, I presume. 10

I'm not going to trick you, but you deal with this specifically in paragraph 153 of your statement, so have you got your statement in front of you?---Yes. Yes, I see I say, "Rose DiCarlo also played a strong role."

Yes?---I'm sorry, the question is?

And you also say, "She was very much Mr Bradley's advisor and he was very keen to have her as part of the financial assessment," yes?---That was my understanding. 20

All right. Was that your understanding or did you have a specific conversation with Mr Bradley as to Ms DiCarlo being on the financial price evaluation team?---I don't recall any specific conversation, but at some point her name came up on the list of people to be included and I know that it was substantially at Mr Bradley's motivation that she was included. And I gathered it was because of her background in business case and other costing issues that he relied on. 30

While we're on this topic can I deal with it now. Can I take you to volume 22, please? While that's coming, you've agreed with me that on a daily basis you led the evaluation process. Can you just tell the commission what you saw your role in the ITO process and the evaluation of the tenders, with some precision, if you could?---The whole evaluation process was under the governance of Barbara Perrott. We had a team of, I think it was three people, who were put on as facilitators to assist the evaluation team, that was myself and I was clearly assigned the role to lead that process by Ms Perrott, and Mr Shah and Mr Goddard were part of it. So evaluation criteria and the whole process had been defined in some great detail prior to the ITO evaluation. My role was to ensure that I think the teams were properly staffed, that all the people nominated were there, that the process operated correctly, that everyone understood the evaluation criteria for the basis of the scoring, that they understood how the process would run during the scoring period. I believe also that it included how queries and questions would be handled and possibly relayed back to vendors. 40 50

All right. Now, you didn't sit on any actual evaluation team, did you?---No, I wasn't permitted to.

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No. Why was that?---I wasn't a public servant and I was one of the three who were - - -

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Mr Goddard wasn't allowed to sit on it - - -?---No.

- - - but Mr Shah was because he was a public servant?---I don't know. He was not scoring, to my knowledge, he was simply assisting the costing team and he was drawn into that when, I think, as you said, Joanne Bugden dropped out. He certainly was not a scoring member of the team, to my knowledge.

10

Can you assist us any further as to how Mr Shah came to be in the pricing panel then?---No, other than as I said earlier, clearly there was a pair of hands short in that team with Ms Bugden dropping out, and I have a general recollection that there was a general opinion that his skills in spreadsheeting would be very useful in the costing team.

20

All right. Now, Ms DiCarlo has given evidence in this inquiry, but could I ask you: in relation to volume 22, could you go to the evaluation report, which you'd be familiar with?---What tab is that?

That should be almost the first page there. Can I ask you to turn to appendix D, which is a summary of financial issues. Is that correct?---Yes.

Now, could you just familiarise yourself with the first two pages of appendix D?

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COMMISSIONER: Maybe Mr Burns could read this in the adjournment and we'll resume at 2.30.

MR FLANAGAN: Thank you?---Do you need me to read it all carefully first?

We're going to adjourn for lunch?---Okay.

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COMMISSIONER: Read it then if you haven't got anything to do, Mr Burns?---I'll certainly do that, Mr Commissioner.

We're adjourned until 2.30, please.

THE COMMISSION ADJOURNED AT 1.01 PM

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THE COMMISSION RESUMED AT 2.31 PM

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MR FLANAGAN: Mr Burns, before the luncheon adjournment, I was showing you the summary of financial issues, which is appendix E to the evaluation report for the ITO evaluation? ---Yes.

Having read that document, you would have seen that the original conclusion or the initial conclusion is that IBM's offer represents both the least cost and most cost effective option, but then its offer is actually analysed in terms of the existing budget that was available to CorpTech for the roll-out. Yes?---Yes.

10

Whose idea was it to, as part of the evaluation report, have an analysis of IBM's price for costings vis-à-vis the existing budget?---I would have no idea, really, but I can give you a supposition if it would be helpful. I would assume this was probably something that was close to Rose DiCarlo's area and that she had good knowledge of budgets.

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Did you - - - ?---It could also be - - -

Sorry, go on?--- - - - Colleen Orange, I think was also heading up the finance at that time.

Ms Orange gave evidence that she recalled Ms DiCarlo giving me some guidance in relation to the information, that is the information concerning that one should have regard to the remaining Treasury budget in carrying out the evaluation. She says:

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I recall Rose giving me that guidance or that information and potentially down the track just through conversation in terms of that, it was important it was through Terry - - -

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Through Terry?---Terry Burns.

That's at transcript day three, page 80, lines 20 to 22. Did you have any conversation with Ms DiCarlo in relation to analysing or evaluating the bids in terms of the existing budget?---Not to my knowledge.

Was the existing budget important to you?---I think it was very much important to all of us in that it was considered a fairly finite number that would seriously affect how far the program could progress. So I think it would be a significant issue to all of us.

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So given that it was a significant issue, not just to you but also to the under-treasurer, was it not?---I'm sure.

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Yes. What role did you play then in the IBM bid being analysed in terms of the existing budget then?---I would have no recollection specifically. I would think possibly just being informed. I was not involved in the costing evaluation at all.

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You were a person who was involved in the extent or in the role that you've described to the commission in both the evaluation of price for the RFP and price for the ITO. You were also present at the meeting with the Accenture representatives on 2 August where, in effect, they warned the under-treasurer not to - or to be careful of what they called the silver bullet, that is a bid that comes in too low which they say to the under-treasurer means that the work or the scope of works cannot be done for that price and that the under-treasurer should be aware of that. You were aware of that possibility, weren't you?---That the work might not be completed?

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Yes?---Clearly, it was a risk going forward.

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Also, you're aware of a risk of a bid coming in that was under the existing budget, but the question always needs to be asked, does it not: is this costings or is this price sufficient to complete the works?---Yes; and I would assume the costing team would have looked very carefully at which components had been bid as a fixed price because that would give more certainty to the eventual utilisation of that budget and if there were costs which might vary outside of those, clearly, that would be an issue for consideration.

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But just in terms of your role, having read the pricing for the RFP of 153 to 190 million dollars, being IBM's indicative price, having read the \$98 million, being the price for IBM's ITO bid, you yourself would have identified immediately a discrepancy, surely?---I don't recall that 98 million coming into play at any point, Mr Flanagan.

You did, however, note that the Accenture bid was considerably higher, substantially higher than the IBM bid?---In the ITO?

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Yes?---Yes, I did look at the column of figures.

All right. In terms of indicative pricing, you didn't come away from the RFP evaluation with that same sense, did you? ---No, I don't believe we would have. I think the figures summed up to being quite different.

When you say "summed up to be quite different", IBM gives you an indicative pricing of 153 to 190 and Accenture gives you an indicative figure of \$176 million or so. So, generally, in the ballpark. Yes?---Yes.

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Whereas here, the figure is \$98 million compared to \$175 million, not in the ballpark with each other, are they?---No, I'm not clear though where that 98 million turns up in the costing summations.

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I've taken you to the footnote of the executive summary? ---Yes, I did see that, but I wasn't clear where it was represented in the final summation of costs.

It's not in the ITO. It's only in the executive summary that one finds the actual figure from IBM. All right? ---That was in the RFP.

10

No. The 98 million I've shown you is actually the figure that was footnoted to the executive summary - - - ?---To the ITO submission.

Or to the ITO submission. The indicative pricing or price range was contained in the RFP proposal of IBM. I can show it to you, if you wish, but there was an indicative range of 153 to 190 million. Having been involved in both processes, you surely would have noticed between 7 August and 8 October the discrepancy in IBM's - when I say discrepancy, the difference in IBM's pricing?---I have no recollection of analysing that point, Mr Flanagan.

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No recollection at all that IBM's indicative pricing was so different to its ITO pricing?---At this length of time, I don't have that recollection.

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Would you agree with me that if you're looking at a tender and evaluating tender prices that one should do so in terms of value for money rather than seeing if one price fitted in within an existing budget and the other price didn't fit within an existing budget?---Yes. But my understanding that was the approach of the ITO that it was evaluated on a points basis across a range of criteria, of which cost was only one.

In terms of criteria, who established the criteria for the evaluation panel?---I think they were drawn up by the team leads, essentially. I certainly had no role in defining those evaluation criteria.

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Not in defining them, but did you have input into what the criteria would be?---I'm sure I would have reviewed it. It would have been reviewed at a steering committee meeting by the whole group.

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Thank you. Can I take you then to another topic which is Workbrain. For that purpose, may I take you to volume 30 and in volume 30 would you go to page 1179. As part of you leading the ITO evaluation process on a day-to-day basis, you knew that request for clarifications would go out from the various evaluation teams where they would put questions to Ms Blakeney, who would pass those questions on to the vendors and then the vendors would come back with either written clarifications or they would come and present to the relevant evaluation panel. Do you recall that?---Yes.

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Yes. If you look at this document which is 1179, dated 10 October 2007, it's a clarification question and answer session and it seems to be a presentation by those persons identified there from IBM at page 1180?---Yes.

But the page I would like you to look at, Mr Burns, is 1184. The first dot point?---Yes.

Now, did you ever sit in with the evaluation panel when the telephone calls were made to the referees that IBM had provided for the purposes of demonstrating the operation of the Workbrain system together with awards interpretation or awards implementation in the workplace in Australia?---The one I can specifically recall was the one to Gartner. I do remember that. I did sit in on that one. I don't have any recollection of this one.

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And was that with the entire evaluation panel or was that just with Mr Bond's panel that was dealing with functionality?---I believe the Gartner one - it was certainly a smallish group, it took place in Mr Philip Hood's office. I wouldn't recall exactly who was there but it was certainly a subset group that were allocated to do the reference checking.

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In terms of the entity named here in question 16 - - -?
---Yes.

- - - it would seem that the team was having difficulty gathering information from that entity for the purposes of a referee for IBM of the operation of the Workbrain awards implementation solution?---Yes. I have seen that.

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Now, could I ask you then to go to page 1204?---Yes.

Just before I come to that, at this time, did you have a personal opinion of the solution being offered by IBM in relation to Workbrain and it having the facility of the awards implementation?---I certainly didn't have an opinion in terms of, "Gee, that's going to solve my problem." It wasn't my area of evaluation. It was something which I had pretty high-level awareness of at strategic level and certainly the team who were doing the detailed evaluations were the ones who would be going into that specifically.

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For a theme throughout your conversations with IBM and indeed what you said of your conversations with other vendors, you are always looking for innovative ideas. Correct?---Yes. 1

You had expressed your frustration in or about June of 2007 to IBM representatives that neither Accenture nor SAP were giving you innovative ideas. Correct?---Mm'hm.

Or I think you described them at that stage as "new ideas". You did, however, view the Workbrain solution offered by IBM as innovative, didn't you?---Yes, it was, and I'm sure the whole team saw that as quite a surprising and quite an innovative approach. 10

Did you encourage Ms Blakeney or the teams to seek further reference or referees for IBM after Woolworths could not be contacted?---It wasn't something that I was specifically managing. I think Maree Blakeney was the one who was following up that. 20

All right. Anyway, this is an email from Maree Blakeney to Mr Bloomfield. You became aware, did you not, that IBM were being asked for further referees in relation to proof at least that the Workbrain solution that they were proposing was operating in Australia. Yes?---I do recall it was something that the team were very interested in.

Then if you look at page 1205 and it is simply enclosing from IBM a further clarification, dated 11 October 2007, and if you turn in that document to page 1216, two further entities are identified as possible referees as being additional Workbrain references. 30

Now, did you sit in when the relevant teams, evaluation teams, contacted the first entity named there on page 1216?---You don't want me to mention the name?

No. I did yesterday but I probably shouldn't have?---I have no recollection of sitting in on it. 40

Then over the page. 1217?---No, I don't.

All right. What is the entity that you said you did sit in on?---Gartner. That is an industry information reference source.

Yes. That's not actually the phone calling or the telephoning of a referee, is it?---It was done by phone. It was done from Mr Hood's office. 50

Who else was present at that?---Well, I'm sure Mr Hood was. I would expect Darrin Bond to have been present.

Then may I take you to page 1194, if you go back? This is still more detail about how to contact the various people because it seems that one of the referees had left and they had actually gone to the first-named referee who wasn't being cooperative, or was not forthcoming with any references. What is your best knowledge of the results of contacting these referees? What was found out?---I would really be guessing at this length of time as to what came out of those, I'm afraid.

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All right. 1439 then. This is further information provided by IBM to Ms Blakeney on 19/10/2007 in relation to Workbrain. Did you read this material?---No, I haven't.

Would you have read it at the time of the evaluation?---I have no recollection of reading it.

Then 1457. This is the Gartner material you refer to?---Yes, it is Gartner material. I do recall a conversation with the representative from Gartner with whom CorpTech had a contract and they paid to get information so this might have been elicited from that conversation.

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All right. Were you having discussions with Mr Goddard at this time in relation to Workbrain?---I have no specific recollection of discussing it with Mr Goddard. I think - as I said, it was an issue that was taking quite a lot of time and interest from the relevant groups.

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See, can I suggest to you that Mr Goddard had a number of conversations with you in relation to this IBM Workbrain solution in the context of the evaluation of the ITO and he said to you that - he conveyed to you that the panel had concerns in relation to the Workbrain integration. Do you recall that?---No, but I do recall it was a technical issue that was of considerable interest.

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Do you recall that Mr Goddard expressed to you and people from the evaluation panel, including Mr Bond, expressed to you that they viewed the solution being put forward by IBM as highly risky?---No, I don't recall that.

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You don't recall any discussion between the evaluation teams on functionality which included, of course - - -? ---No, I do recall that there were general discussions, as I mentioned, and as I said Workbrain was a key topic and, you know, obviously the topic would be, "Will it work? Are their assertions? Would we be comfortable?"

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Yes?---So those were all clearly issues that were debated, but these were matters that were the subject matter of the technical team not - - -

Quite. But what I'm suggesting is there was divergence of opinion between yourself, the evaluation team headed by Mr Bond and, indeed, even Mr Goddard himself disagreed with you in terms of the identification of the risk of this Workbrain solution. What they saw as a risk, you saw as innovation?---I have no recollection of such a discussion or what the issue would have been. It sounds a very technical issue.

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It's not so much. The solution is identified. Did you ever see any evidence or possess any evidence that the IBM Workbrain solution in terms of its interface with SAP would work?---Me personally?

Yes?---No, I didn't have anything more or less than any member of the team would have had.

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Did you view that solution as risky?---As I said, I was going on the opinions of the technical people. There was considerable debate around possible risk, but in the end the technical teams made their assessment that it was acceptable.

The technical teams actually led by Mr Bond gave evidence that you actually intervened at a certain point in time and called upon them to re-evaluate their scores by viewing the Workbrain solution as innovative rather than as risky?

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---No. I would have no recollection of ever having said such a thing.

It's not just one person who's said it in the evaluation team and I'll take you to those suggestions by those people

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and I'll take you to some scoring shortly, but I'm just trying to test your own memory now. Do you recall that there was a difference of opinion between yourself as the leader of the evaluation process, Mr Goddard on the one hand, together with Mr Bond and his evaluation team that the Workbrain solution put forward by IBM was untested, was not innovative, but was in fact risky; whereas you, on the other hand, thought it was innovative and would indeed save time in terms of the roll-out?--No, I have no recollection of that.

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You and Mr Goddard in the process that you went through, starting with the April 2007 review onwards to the May review and through to the program rebuild, were basically of the like mind, weren't you?--We worked very well together.

Yes. It was really this issue, and this issue only, where you had a parting of the ways. Mr Goddard expressed to you that the Workbrain solution was untested and risky and he brought that to your attention and you disagreed with him saying or believing it to be innovative?---I have no recollection of that.

20

But it's the first time really that you two have a parting of the ways in terms of approach, isn't it?---I have no recollection of it, Mr Flanagan.

All right, thank you. In all the referee checks were you, or to your own knowledge, were the teams able to identify that anyone in Australia was using on a day-to-day basis the proposed IBM solution for payroll and rostering, that is a Workbrain awards implementation that was able to interface with SAP?---As I said, I didn't sit in on those referee checks, to my knowledge. It was not something that I would have been technically involved with, so I'm sorry I can't give you an opinion on it.

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Thank you. May I take you then to page 1496. This was a presentation given to the evaluation panel on 17 October 2007 by IBM with - page 1497 - those persons doing the presentation. You sat in on this presentation, didn't you? ---It's probable. I have no specific recollection of sitting through it.

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Even though the request would have come through Maree Blakeney for this presentation, it was in fact your idea, Mr Burns, wasn't it, that IBM come and present on the Workbrain solution to the evaluation panel because of the difficulty the evaluation panel was having with the IBM solution?---I have no recollection of that.

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None whatsoever?---No. I wasn't evaluating Workbrain. The technical team was.

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Quite. But you were leading the process and you - - - ?
---I was leading a process not the subject matter of each
of the teams.

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You say that, but it's the case, isn't it, that you at
least knew the teams had identified the Workbrain solution
as highly risky at one stage, hadn't they?---It was a
matter of concern, yes.

You certainly knew, too, in the initial stages of
evaluation that Accenture was ahead, both on the functional
team and on other teams?---I would have no specific
recollection of knowing who was ahead at any time.

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You certainly were in a position to find out because you
would check in on the evaluation teams and you would check
their scoring from time to time, wouldn't you?---Yes, but
there was no sort of running score kept so the teams did
their evaluations. There was a getting together
periodically. It wasn't like there was a score sheet
running on the wall and people were seeing who was ahead.

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You were in a position at any time to find out where an
evaluation was up to for any sub-team, weren't you?---I'm
not sure they would have, you know, expected me to come and
ask. I have no recollection at all of going around and
checking scores.

Can I then take you to some evaluations then? For that
purpose can we go to start with volume 18? Can you turn
then, please, to what's called the - I'm sorry, I made a
mistake. It's volume 19.

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COMMISSIONER: Volume?

MR FLANAGAN: 19, please. Associate, we'll also require
soon after that volume 20. Thanks?---Yes.

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Just before we come to that volume, can I remind you of what you said in your statement at paragraph 149 as to your role in the ITO. You say:

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My role was saying: we've got so many days that we should be able to get through this work. We will set up a system where each team leader will, at the end of each day, or when you're finished reviewing a portion of the data, will report back so that we know that we're running to a schedule and team leaders would have a review. I cannot remember if it was done several times during a day or at the end of a day, or at a specific time to say what is the evaluation showing up. Those teams worked on spreadsheets that had scored sheet tabulations, which were drawn up mainly by Mr Goddard, as far as I can recall. He also drew up a criteria on the weighting. I have no role in drafting the criteria or the weighting. My role in the evaluation was simply to facilitate and advise on the process, and have no influence on any of the deliberations.

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Yes?---Yes.

So you saw your role and it was part of your role whilst leading this process not to have an influence on the deliberations. Yes?---Yes.

Why did you see your role as - well, sorry, why did you see it as inappropriate for you to influence the deliberations of the evaluation teams?---Because I had no right to vote and the team had been selected, they were the ones to do the evaluation and they would be the ones to make the final scoring and the choice. My role was to run the process.

30

But when you say "to have no influence on them", what do you mean by that?---On their determination of the drawing.

Would you say you would be influencing the deliberations if you said, "Look, in your evaluation, I don't think you've given enough work to Workbrain. I don't think you've given enough weighting as part of that criteria to the fact that this is a very innovative idea by IBM and I think you should go away and think about its innovation and its innovative nature, and the fact that it may ultimately lead to a quicker run out of this schedule, and I think you should think about that in evaluating the process." Did you ever say anything like that to Mr Bond?---Not to my recollection. I do recall in the general terms of my role, I would have stressed to the teams, "Are you quite sure you understood your criteria?"

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Yes?---"Are you scoring in terms of the criteria? Do you have any concerns outside of that?" That was the kind of questioning that I would have made to the team.

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See, ultimately the risk in relation to Workbrain or the identified risk in relation to Workbrain became the subject matter of the contract itself, didn't it?---It was one of the issues that was identified and I think it came out of the ITO process that there was a need for IBM to prove its case, and I think the evaluation team predicated their recommendations possibly on the need to see further proof.

1

But the fact that they haven't seen proof, as you've put it, and the fact that they haven't been ultimately satisfied with the material they have been provided for showing that this could actually work, particularly in organisations such as Queensland Health. The idea of putting that risk through to the contract was entirely yours, Mr Burns, wasn't it?---No.

10

In fact, you had a specific discussion with Mr Goddard about it where it was your idea that difficulty with that risk or the unproven nature of the IBM solution would be dealt with in the contract, that was your idea and you spoke to Mr Goddard about it?---I have no recollection of that.

20

Now, I was going to take you to the evaluation scores so you can actually see them. Can I start then at volume 19? Would you go to item 18 point - - -?---Did you say "19" or "18"?

Volume 19. You should have both volumes in front of you? ---I've got 18 - sorry, item 18, my apologies.

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Yes, volume 19 and could you go to item 18.7?---That's in the second bundle?

No, it is in volume 19, which you've got in front of you and it's item 18.7. It actually has a tab called "function".

COMMISSIONER: He may not; I don't have mine?---My last one is 18.6 resourcing.

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I think if you've got the same as I has, Mr Burns, you'll find 18.7 in the other volume, 19?---In the other one. Yes, 18.7?

MR FLANAGAN: Yes, 18.7. And could we start at page 328. Now, this is - you can take it from me, let's assume that this is a document that comes first in a sequence I'm going to show you in terms of chronology. The scoring initially by the functional and business team for Accenture was 3.16 and for IBM was 2.63. Can I just ask you to read the recommendation, it's justification for subcategory 1:

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Accenture had strong methodologies around scope management and approach to scope delivery. Accenture demonstrates strong understanding of the program and its purpose of achieving a standardised solution. Accenture proposal implies that scope may be constrained. This presents a business concern that requires functionality will not be fully considered.

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That's based on that scoring. If you go then over to page 329, which is a continuation of this document, Mr Burns.

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The third line:

The IBM approach to awards configuration in Workbrain may be adequate; however, there is limited detail clarification how this will work and appears unproven. The IBM approach is potentially very high risk.

Do you see that?---Yes, I do.

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So that's the evaluation first in time. Can I then take you to page 326. At page 326, you'll see there that the scoring has changed so that now Accenture is at 3.05 and IBM is in the lead at 3.15.

The justification for subcategory 1, scope and functionality, both IBM and Accenture have strong methodologies around scope management and approach to scope delivery. IBM demonstrates strong understanding of the program and associated risk and issues. Both IBM and Accenture understood the purpose of achieving a standardised solution.

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Then over the page, if you look down to the fourth line:

IBM approach to awards configuration of Workbrain appears to provide a suitable alternative -

so it goes from being highly risky to providing a suitable alternative -

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that should generate savings in both the implementation and support effort.

Now, that was your belief, wasn't it?---Not specifically, no.

You've already given evidence of that - - -?---Yes.

50

- - - that you thought the IBM solution would in fact save in the implementation time and cost. Yes?---Well, I think that was the assertion that we were obviously needing to evaluation and test.

Quite. But that assertion here has now found its way in the justification for a particular subcategory. Do you see that?---Yes, but it's an IBM assertion. 1

It's actually the recommendation of the evaluation panel. That is, evaluation panel is adopting - - -?---Yes.

- - - that assertion - - -?---Yes.

- - - for the purposes of evaluating this particular solution put forward by IBM. It goes on: 10

This has been demonstrated by a reference site; however, there is still some concern that these do not reflect our complexity and size.

Now, did you have a hand in authoring that document or those words, or suggesting those words to the evaluation team?---Absolutely not. 20

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Then if you go from there to page 314. You might appreciate, Mr Burns, we've been through these documents before, but I won't take you to the original of this version, but suffice to say that the differences in the original version and this version is that there are three additional strengths added to the IBM proposal. The first is in (1), "The schedule appears to be realistic based on IBM's proposed innovations"; that is, the Workbrain solution. The next added item is (4), "The IBM offer provides an innovative alternative for award configuration to accelerate the implementation effort and reduce the support effort." Innovation is a word that you've used from the very beginning of this process, from the very first day that you met Mr Bloomfield on 1 May 2007, isn't it?---It was used by the team. It was a theme that we had right throughout the team. It appeared in all our documents. It was a constant recurring term, if you like.

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1 May there's no teams. 1 May you're just starting your review?---Yes, but I'm saying as the teams progressed, it was certainly a term that was very commonly used and very commonly debated and is a very standard term, I think.

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Quite. But it's exactly what you were looking for in terms of a solution, wasn't it? From the very beginning it was innovation that you were looking for as the appropriate solution?---If the innovation delivered tangible results.

Yes?---Innovation for innovation itself wouldn't have helped us.

30

Quite. But here the innovation is being identified in the assessment as being core strengths of the IBM proposal? ---By the evaluators.

By the evaluators because of your intervention, I'm suggesting?---No, I'm completely against that assertion.

Can I suggest this then that Mr Bond - you talked to Mr Bond's team and you told Mr Bond's team to reconsider their scoring, which is evident from the documents I've shown you?---No, I have no recollection of doing that.

40

When you say you have no recollection, are you denying that you did it or you simply don't recall?---No, I'm suggesting that I did not do it and I would have addressed all the teams together and said, "Look, are you comfortable with your scoring approach? Are you adhering to your evaluation criteria?"

50

Is your recollection different if I ask you this question: did you address all the sub-teams for the purposes of asking them whether they had given sufficient weight to the innovative nature of the IBM proposal?---I don't believe I asked that question. I have no recollection of asking that question.

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Do you have any recall then or any knowledge that Mr Bond was so concerned with your intervention in the evaluation process that he complained to Ms Perrott?---My understanding is that he went and saw Ms Perrott and the subject of his issue with Ms Perrott was not around any of my comments, but it was the fact that I was not a public servant and that was his issue.

1

I'll ask you this. Did you discuss with Ms Perrott Mr Bond going and seeing her during the evaluation period?---No, but she did make me aware of it.

10

You see, can I suggest that you said to Mr Bond and his team, or indeed all the teams, that you didn't believe they were considering all aspects of the criteria?---No, but I do recall saying, "Are you comfortable that you have addressed it correctly; that you're following the process correctly?"

Rather than me ask any further questions on this, could you just now give us your best recollection of what happened and what you said to the teams?---My best recollection is that I addressed all the teams and it was, "Is the process working? Are you comfortable you're understanding it? Have you given all the proper consideration to all aspects?" I'm sure I would have said, "Have you had adequate responses from the vendors? Are you satisfied with the special questions that you're asked?" We would have possibly said, "Are you okay with the reference checking?" that we had from various parties, "Are you comfortable you can score correctly?" That's my best recollection.

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Can you tell us at what stage you encouraged them in this way?---I can't, I'm afraid. It was probably as they were getting towards the end of their process, as we were beginning to start to form up and they felt they'd had proper responses to their queries from the vendors.

Was it in connection with the presentation that had been done by IBM on Workbrain on 17 November 2007, which one of the witnesses described on the evaluation panel as a game changer?---I have no recollection of when I would have said that.

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Can I ask you this: at the time you encouraged them in the way you've just described, you knew Accenture was ahead in their scoring?---No, I have no recollection of knowing who was ahead.

50

No recollection or you - - - ?---No, I have no recollection.

Can I take you then to volume 20 and I want to do the same exercise, if I may, Mr Burns, in relation to the governance team. May I ask you to open - it's at the very beginning

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of that folder. It's item 18.7.21. May I commence at page 564?---564? **1**

564. At page 564, the first chronological ordering of these documents seems to be that Accenture was being scored at 4.20 and IBM at 3.20. This is in relation to governance. What did you understand the governance evaluation panel to be looking at?---I'm not sure I recall.

What issues would one look at for the purposes of governance in terms of assessing an ITO response?---Program guidance. **10**

It has no aspect of technical operations or roll-out, does it?---No. It might relate to program management office structures or performance management possibly.

All right. In any event, could you just note that Accenture is at 4.20, IBM at 3.20? Can you then turn to page 562. One has Accenture at 3.90 and IBM at 3.93 and the recommendation reads: **20**

Accenture's proposal has a very strong governance framework compared to the other two bidders. Accenture indicated playing an active involvement at the strategic management?

---Sorry. I'm not sure I've got the right page. Are you - - -

Page 562?---Six two? Right. **30**

So 562 you should have the scoring at 3.90 now for Accenture and 3.93 for IBM?---Yes.

Could I just ask you to note under recommendation what the evaluation panel had written about Accenture's bid at that stage?---Yes.

Then if you look at page 551, the scoring is the same but the comment has changed?---Yes. I see the difference. **40**

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Thank you. I won't take you to the documents but for another team, the scoring doesn't even change, all that changes is the recommendation. It goes from Accenture to IBM even without a change of scoring. My question is what did you say to the panel or the panel team leaders and or members which they led to reevaluate their scores for the ITO?---I wouldn't have said anything specifically other than the general comment that I gave you earlier. I presume these changes reflect their progression of thought as they analysed input, moved through more material, had questions answered that they had posed to the vendors, discussed it amongst themselves; it's the progression of their own ratings.

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If you viewed your role as a non-public servant not to interfere in this process of the evaluation panel, why close to the very end of their evaluation do you actually intervene to give them this general exhortation?---It's not an intervention, Mr Flanagan. It was a confirmation that my role was being (indistinct) understood and that they felt comfortable as they were nearing the end of their scoring but if they had any queries, it would be a good time to raise it.

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Did you specifically mention Workbrain in the course of your exhortation?---I have absolutely no recollection of doing so.

You see, in the comments that we have read, that we have read for the governance and something about LATTICE replacement or whatever but there is no mention of Workbrain, so Workbrain wouldn't have affected governance in terms of them changing their scores to put IBM ahead, nor would it cause them to change their recommendation, so it would seem that something more general was said by you rather than just talking about the Workbrain solution? ---I'm not clear why you refer to as said by me, Mr Flanagan. These teams were doing their own scoring. These were very senior, intelligent, experienced public servants. They were doing the scoring and I presume most of them had familiarity with a similar process before.

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Because I'm putting it to you because a number of witnesses before this inquiry have specifically identified as you requesting them to look at relook at their scores, to relook at their evaluation late in the period but to look at their evaluation and that suggestion came from you. That's why I'm putting it to you. So I'm asking you, do you recall that you actually did intervene to ask people or to ask team leaders to reevaluate their scores?---No, I have absolutely no recollection of that.

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Do you deny that you did it?---Yes. I would say that I have absolutely no recollection other than the general statement that I did give you.

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You had a good working relationship with Mr Goddard, didn't you?---Yes, it varied at times but it was basically reasonable. 1

Basically reasonable.

THE COMMISSIONER: What did Ms Perrott say Mr Bond had complained about?---That the process was being led by a non-public servant. 10

But that had been the case since your appointment and the Ito was launched in mid-September?---Yes, it was.

Are you sure there wasn't more to the complaint?---My understanding was that that is what he voiced to Ms Perrott that it was not a public servant who was facilitating the evaluation process. That was my understanding.

MR FLANAGAN: See, the suggestion for Mr Burns is that you addressed the teams regarding rescoring - - - 20

THE COMMISSIONER: This is Mr Burns.

MR FLANAGAN: Sorry. Mr Goddard suggested that you address the teams regarding rescoring and after that address, the scores changed being in favour of Accenture to being in favour of IBM; that is, a direct intervention by you that caused the evaluation teams or at least some of the evaluation teams if not to change their scores, to change their recommendation or in other instances, to change their scores and their recommendations, so they must have been fairly influential words by you, Mr Burns, that caused people like this, experienced public servants like Mr Bond to rescore?---No. I - can I put this in context? There's 25 very senior and very experienced public servants performing this process. I'm an outsider. I'm a contractor, and I'm there to facilitate. If I had said anything that they considered as impropriety, I'm convinced there would have been rapid movement to the door, to go and raise it with people, particularly with the probity officer. So to the best of my knowledge, nobody had a specific issue with anything that I said and that's - my comments and remarks were around, "Are you comfortable with the process, are you clear and are you happy that you have got all the information you need?" 30 40

Words like that wouldn't have caused people to go and rescore. Words like that wouldn't have caused a person like Mr Bond or a person like Mr - - -?---But are you suggesting that they were so weak that it just needed a stranger to put up a comment? 50

No, no, I just want to know what you said to them. That's all I want to know?---I have given you my very best recollection.

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Thank you. That's the evidence-in-chief of Mr Burns. 1

THE COMMISSIONER: Mr MacSporran?

MR MACSPORRAN: Thank you, Mr Commissioner.

Mr Burns, I just want to ask you some questions initially about the engagement of you in May 2007 by Mr Bradley. You understood, of course, that Mr Bradley had the final say as to whether or not you should be engaged or not?---That was my understanding. 10

Now, when you - in fact, you told us when you started your first review in April, you were completely (indistinct)?
---Yes.

But you had, is it fair to say, an impressive CV?---I think a very relevant one to the problems that Mr Bradley felt were on his table. 20

It showed you had wide experience in relevant areas for the task you were trying to take?---Yes, it did.

And you had nominated referees?---Yes, I did.

Did you get any feedback as to the checking with the referees?---They were done by the agency and my understanding was that they were supplied to CorpTech and that they were satisfactory. 30

You were then taken on by Arena, effectively, through Information Professionals to carry out the first review in April?---Yes. Yes.

So you were given a chance to prove yourself?---Yes, and I think Mr Bradley and CorpTech demonstrated a cautious approach and taking it on short steps by step.

During the course of that first review, the five-day snapshot review - - -?---Yes. 40

- - - you worked with Mr Uhlmann?---Yes, he essentially coordinated the final assessment.

Was Mr Nicholls involved in that process as well?---No, no. It was - - -

Just Mr Uhlmann?---And Dave Ekert and Keith Goddard.

And at the end of that process, was it clear to you that Uhlmann, Mr Uhlmann, was impressed with the work you carried out, the way you performed, albeit over that short period?---Yes. The feedback I got was that they thought that my input and the input from the other two gentlemen was pertinent and valuable. 50

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Did you know the background of Mr Uhlmann in particular? 1
---I didn't. It was the first time that I had met him.

Did he appear to you to be someone who was well
experienced?---He did. He impressed me as a person and as
a consultant.

We know that you had a falling out of sorts with
Mr Nicholls later but did he impress you as well as someone
who seemed to know what he was talking about?---No. 10

In any event, did you learn that Mr Uhlmann had recommended
you to CorpTech for the May review?---I did.

Did you meet with Ms Perrott and Mr Waite before you were
engaged?---For the second review?

Yes, for the May review?---I believe I had met them both in
the process - well, possibly not Ms Perrott in the snapshot
review and not a hundred per cent sure but I'm pretty sure 20
I did meet both of them before the engagement.

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Do you recall there being a meeting to Mr Uhlmann to introduce you formally as a candidate for the May review? ---I'm having some difficulty recollecting an exact meeting.

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That's all right. Whether you met or not, were you aware that Mr Waite and Ms Perrott had jointly recommended you to Mr Bradley, or their superiors at least, for the May review. Did you know that?---I probably didn't notice at the time, but I probably did become aware of it later.

10

In any event, with that context, that background, you understood that Mr Bradley wanted to meet you?---I did meet him, yes.

And that was the for the purposes of discussing with him what role you could play in this proposed May review? ---Yes.

He discussed with you your CV?---Yes, he did.

20

He discussed your background?---Yes, he did.

And he discussed also with you what you could offer in the review?---Yes, he did.

Did you also discuss with him your role in the April review, or was that not discussed?---We certainly would have touched on that and we certainly did discuss the conclusions, and I do believe he asked me specifically what my relevant background was to the conclusions in the report and I believe we discussed some of the strategic experience that I believe could be relevant to his problems.

30

At the end of the day, did you understand from that discussion that there were difficulties within the CorpTech management structure?---Yes, I did.

You'd highlighted, I think, some of those in the April review?---Yes.

40

You raised that with Mr Bradley, and, for that purpose, it was decided that you would have a direct line, at least initially, reporting to him what you discovered during the course of the May review?---Yes, I think Mr Bradley and I discussed the possibility of sensitive personnel issues and how they would best be handled, and I believe it was his opinion that I should come to him with those directly in case they affected people that were fairly senior.

50

Now, there was nothing unusual about that proposal, was there, to go directly to him with those concerns?---Not to my mind, he was the person with the problem, he was the person I understood was appointing me, and all the reports

would essentially eventually in due course land on his desk for action and decision. So, in that context, you commenced the May review?---Yes. 1

And from time to time during that period, which was a reasonably short period of four or five weeks?---Yes, it was.

You reported to him, Mr Bradley?---Through a steering committee which was set up by Mr Bradley which was chaired by the deputy under-treasurer, David Ford. 10

Did you, in that five week or so period, ever meet with Mr Bradley one-on-one, as it were?---I believe I did.

Again, to discuss these leadership issues?---Yes, when they became clear to me I would certainly have taken them to Mr Bradley. I do recall having a one-on-one meeting.

But that was the exception rather than the rule, even during that early period?---It was, very much. 20

After that initial period when the situation stabilised to some extent once you identified the issues, you reverted, did you not, to the usual reporting system which was through Barbara Perrott?---Yes. To my best of my knowledge, I never met with Mr Bradley one-on-one again.

Is it fair to say that thereafter on occasions, not frequently, but on occasions Ms Perrott reminded you that you were in fact accountable to her?---Yes, and I was quite clear on that. 30

And you were quite happy to accept that as being the situation?---I had great respect for Ms Perrott, I thought she was an extremely capable person.

Now, I think you've actually denied already that there was any suggestion you told Mr Bond that he should not report directly to Mr Bradley?---Yes, absolutely. 40

I take it you had no - - -

COMMISSIONER: What was the question? I thought Mr Burns couldn't remember, thought unlikely but didn't deny it, I thought.

MR MACSPORRAN: I thought he had, Mr Commissioner?---I have no recollection of it. 50

You don't recall saying anything to - - -?---No, I don't.

COMMISSIONER: I think it was said that you thought it would be unlikely, but I thought he stopped short of saying it didn't happen.

MR MACSPORRAN: Certainly. Do you know for a fact whether Mr Bond had access to Mr Bradley? 1

COMMISSIONER: Before or after the alleged conversation?

MR MACSPORRAN: At around this time, during the review in May and beyond, did you know, and particularly in June 2007, did you know whether Mr Bond had access to Mr Bradley?---My understanding was that there was no reason why he couldn't see Mr Bradley. I think I did, in my evidence earlier, mention that on one particular occasions when I came to a meeting Darren had just left Mr Bradley's office. 10

You knew, of course, that Mr Bond had a very different view as to what the solution was to these difficulties?---Yes, I did understand he saw a number of issues differently.

In terms of where you stood in the organisation, vis-à-vis Mr Bond, you both had separate roles, didn't you?---Yes, very separate. 20

Neither Mr Bond nor yourself had a leadership role over the other?---No.

Do you recall Ms Perrott, in particular, encouraging both of you to work together in this - - -?---I think I do, and I have to say about Mr Bond, I never had any specific significant issue where there was something I needed. It was just a general feeling that, you know, he wasn't across the review process. 30

Your recollection is that Mr Bond went to Ms Perrott with a concern about you having the role you had and not being a public servant?---That's correct.

Was that a view that he expressed openly to you, that he was concerned about you not being a public servant in that role?---Not to me directly. 40

So you're only gaining that information from Ms Perrott - - -?---Yes.

- - - to your recollection?---She did call me in and discuss this issue with me.

Was it on that occasion or approximately that occasion she invited you to work with Mr Bond collaboratively?---I have difficulty in specifically saying it was on that occasion. 50

Can I ask you to look, again, please at exhibit 32? Do you have that handy?---Exhibit - - -

That's that small exhibit, a few emails, I think. It's the email from Mr Porter, and then it appears to be of Mr Bloomfield, and then there's another one involving

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Ms Bennett. Do you know the ones?---Yes, we did look at them earlier. 1

Seen them before?---Yes.

Am I correct in remembering your evidence the first time you saw those was in the witness box here?---Yes, I'm quite sure I've never seen these before.

Now, I take it you'd agree, would you, that information or the existence of those emails was something that should have been reported to CorpTech during the course of the process, tender process?---From my somewhat imperfect knowledge of all public service, I would have thought it would be extremely important that they would be drawn to the attention of. 10

You'd agree that the content of those emails has the potential at least to compromise the integrity of the tender process?---I think this was the RFP process, am I correct? 20

Yes, the RFP and also the ITO?---Yes.

If that information was out on the market place, the whole process was potentially tainted, was it not?

COMMISSIONER: Not the market places. If one tenderer knew what the other competing tenderer had offered in the previous round, that would be a very serious thing obviously, Mr Burns?---It would. 30

MR MACSPORRAN: And something that should have been reported to CorpTech?---I would agree.

Thank you.

COMMISSIONER: Yes, Mr Doyle. 40

MR DOYLE: Thank you. Mr Burns, I'm sorry to say we'll have to revisit some of the things that you've dealt with, but bear with me, please?---Okay.

I represent IBM, so I'll ask you some questions concerning your involvement at IBM, if I may?---Yes.

You had started your working life with IBM back in Cape Province, or at least an early part of your working life?---Yes. 50

Your own assessment of it in 2007 was that it was - that involvement was not such as to put you in a position of conflict where you could not discharge the engagement that the government wanted to engaged you for?---Yes; not at all.

1

It is right to say, isn't it, not only is it in remote in time in geography, but the role that you were fulfilling for IBM in Cape Province was a wholly different one to the one you were fulfilling for CorpTech?---Yes, completely and, of course, in that time IBM was in a completely different sector of the industry. We dealt with mainframes.

10

I was going to ask you that. We're talking about sales of something in Cape Province up to 1980 - - - ?---Yes.

- - - which was a completely different activity to the kind of - - - ?---Yes. There was no professional consultancy operation in the IBM that I was involved in.

20

None of the personnel with whom you've dealt in the course of the performance of your contract with CorpTech - dealt with in IBM in the course of performance with your CorpTech contract were people you had anything to do with in Cape Province. Is that so?---No. I think I was one of the last ones still working.

The circumstances in which - I won't touch that, Mr Burns. The circumstances in which you left IBM were that you and some other people within the company left it to go out and compete with it?---Yes, we did.

30

You would say you did so successfully to the prejudice of IBM?---Yes. I can say we encountered some very aggressive marketplace reaction from IBM, which I'm sure is understandable. They were not at all pleased with us.

You describe in your statement, "We had a lot of resistance and complaints and vetting from IBM." What's vetting mean just in that context?---They were very anxious about what activities we were in and we began to compete with them in the area of peripherals.

40

You mean they were watching what you were doing? Is that what you mean?---Yes; and we were obviously calling on IBM customers and they would react very quickly when we approached an IBM customer with a competitive offer.

All right, thank you. You've also had some exposure - I'll put it neutrally - to IBM's performance when you were fulfilling your role at Fonterra?---Yes. As I mentioned in my evidence, there were IBM resources supplied into my operation.

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It is right to say that you were not involved in the process for selecting it to perform that role?---Yes, that's correct.

1

Can I ask you please - I take it it follows you would not have said to Mr Uhlmann that you had a role in the selecting of IBM for the performance of its contract at Fonterra?---I'm sure I wouldn't; it wasn't the case.

I want to pass over, if I can, all of your snapshot involvement, unless you want to tell me something about it to answer my questions. There came a time when there was a meeting held on 30 April to which various suppliers were invited?---Yes.

10

You were present?---Yes.

At the meeting it's right to say that the suppliers were told of your proposed involvement - - - ?---Yes.

20

- - - to conduct a review of a kind?---Yes.

They were told that they were to expect to be contacted by you?---Yes.

They were encouraged to provide you with assistance?---Yes.

Is that so?---Yes.

With information?---Yes.

30

To disclose to you whatever they thought they were comfortable disclosing to you in order to help you with the performance of your task?---Certainly.

They were encouraged to do so because the objective was to come up with a program for the future for the Shared Services program?---Yes. It was virtually a direct request from the deputy under-treasurer.

40

Would it be also fair to say that they were told the way things had been done to date was not the way things were going to be done in the future?---I think they were told that this could change.

They were certainly aware of a degree of dissatisfaction with continuing into the future with the way things had been done in the past?---Yes. That was very clear.

Both in terms of the cost of doing so and the time that would be involved in doing so?---Yes.

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So that when those suppliers left the room would your appreciation be that they would know that you were going to be investigating means of ensuring something, if it were

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possible, new was done to change the roll-out of the program for its better?---Yes.

1

Both in terms of making it cheaper and quicker, if possible?---Yes.

And that they would be expected to receive approached from you or people working with you to get ideas about how that might be done and to be told about how they might have to change to do that?---Yes.

10

Thank you. I think you've said that you were in the office starting work on that task probably on the day that letter was sent out on 27 April?---Yes.

I'll show it if you wish, but that's the sort of sequence of things?---No, I recall it.

So this meeting was held after you'd been engaged to do that, only for a few days?---Yes. It was very early.

20

You told the commission that you had not received a formal brief, that is a bundle of papers, to read?---No.

So that the way in which you would have to go about your task would be, at least to start, by setting out to try to assemble some information?---Yes.

You did that, can I suggest, in these ways: when you identified documents you thought you wanted, you would ask for them and they'd either be given to you or not. Yes? ---Yes.

30

You've got to answer audibly, that's all. Nodding is - I encourage it, but you've got to also say yes. One of the things you wanted to see was the business case, I think you've described it as?---Yes.

Which would have been helpful to you, but it wasn't provided. Is that what - - - ?---That's correct.

40

Then also I think you said that other people within the CorpTech premises would from time to time come and give you documents and say, "Look, you might be interested in this," or whatever?---Yes.

The people within the CorpTech premises comprised a group, which included government employees, if I can put it - public servants, but also a significant number of employees of Accenture?---Yes.

50

Can you guesstimate the number of Accenture personnel?---I could be wrong, but I thought it was in excess of 100 resources overall across the program.

That means 100 people?---Yes.

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Also within the premises there were Logica resources? 1
---Correct.

And, again, give me an estimate of the number?---I really would be guessing; possibly 50 or 60.

There were SAP personnel or resources?---Yes. There were SAP people there, too.

Can you have an estimate of the number?---I believe the SAP 10
people were smaller. They were very specialist, I thought, around the architecture area. I particularly knew Megan Janke very well, who actually had a specific role for a while in CorpTech. I would be guessing possibly maybe 10.

All right. There were some IBM people, were there, or not at that stage?---I was not aware of any IBM people.

Were there other suppliers as well within the CorpTech 20
premises?---Yes. There were people - I recall Pendragon had a number of resources. I believe the presence of RT were there doing specific work from time to time. There were SMS resources.

There might well have been others, but there was a variety of people - - - ?---There were certainly. There was indeed.

- - - to whom you could look for information?---Yes; and I 30
did.

And you did?---Yes.

That's what I wanted to ask you. You would go around as you saw fit and approach these people and ask for documents or information if you thought you wanted it?---I certainly did.

One of the people present in a room near yours, I think, 40
you said was Janine Griffiths?---Yes.

She was an Accenture resource, if I can call it?---Yes.

Did you recall - starting in early May - having discussions with her in order to inform yourself, for her to tell you things about the progress of the SSI?---Yes. I have a general recollection of definitely engaging with Janine. I would have trouble saying exactly which week or period it was, but I'm not sure whether it's going to be helpful to you, but Karen Mottershead was a very senior Accenture 50
person and I spent a significant amount of time in one-on-one discussions with her.

Can I test, if you can - if I can test whether you can remember, was this in the course of the process of your informing yourself in May leading up to your May report? ---I'm sure it was May.

1

I'm sorry, Ms Mottershead, did she have an office within the CorpTech premises?---She was based there. I believe she had a team of people that she was working with or leading in the HR area.

10

All right. I'm sorry to jump around. Accenture was at that stage engaged largely in the HR build of - sorry, the SAP build of the HR solution as part of the whole of government roll-out?---That's correct.

They may also have been involved actually in the roll-out of the SAP HR solution to Housing at the time. Can you tell me if you recall that?---I don't recall it. I think it happened - I was not involved in it, but it sounds likely.

20

But, in any event, you do have a recollection of a number of discussions with Ms Mottershead?---Yes.

Which you described as one-on-one?---Yes.

Can you tell me how many - in May please?---Possibly three would be a guess.

Did you have any separate discussions with Ms Griffiths that you can recall?---Yes.

30

In May?---Yes.

Were they one-on-one?---I'm sure they were.

Can you tell me how many of those?---If you don't mind me guessing, I would say also three or four, possibly more because I think Janine was involved in a delivery role.

40

For my part, the exact number doesn't matter?---Yes.

In the course of those discussions is it your recollection that you would ask for information or provide your thoughts about things and you and either Ms Griffiths or Ms Mottershead would have sort of a frank exchange of ideas and thoughts?---Yes, that's correct.

The purpose for which you were holding these meetings was, firstly, to inform yourself of things?---Yes.

50

And also would it be fair to say to encourage them to come up with new ideas if they could about how things might be done better?---Yes, very much.

One of the things you've said in your statement is that your methodology was one which recognised the solution - the problem and often the solution was known to people at the workplace in the teams and on the floor, I think you put it in your statement?---Yes.

1

So that you were looking to each of these women to give you ideas about how the project might be developed differently - - - ?---Yes.

10

- - - for it's improvement?---Yes.

Part of your methodology was to encourage them to be as imaginative or as innovative as they could be?---Yes.

Would that be right?---Correct.

The expression "no holy cows", which I think was one that you've used in the course of your evidence - - - ?---Yes.

20

- - - is that one of your phrases?---Well, I'm familiar with it and I would not have been surprised if I had used it.

That means, in substance, does it, that there is no particular principle which shouldn't be reconsidered? ---That's correct.

That there is nothing which you wouldn't consider to change, if it could be done successfully, if to do so would be for the good of the program?---Yes. I would have suggested that I'd be interested in anything that was new and we should not assume previous norms had to be maintained.

30

I suppose it turns upon the particular personnel you're dealing with, but you would endeavour to encourage them to put in some real effort to come up with ideas for you? ---Yes. That was the case.

40

And not just them but their companies?---Yes.

For them to go away and to get whatever assistance they could to come up with something new?---Yes. I was talking to those people as representatives of their companies.

Can I ask you then about SAP. Do you know someone called Megan Janke?---Yes.

Was she a SAP representative?---She was.

50

As well as Rob Pedler, whom you've mentioned?---Yes.

Do you recall in May having discussions with each or both of those?---Yes.

Were they one-on-one discussions?---Yes.

1

Again, was the substance of the discussions with each of them for you to inform yourself of things they might know - - -?---Yes, very much.

- - - to encourage them to come up with innovative ideas, if they can - - - ?---Yes, it was.

- - - to encourage them to be as broad thinking and as active in coming up with ideas as they could be?---Yes.

10

Again, would you have likely said to them, "There are no holy cows," or words to that effect?---Very much so.

To encourage their company to put in as much effort as is possible to come up with a new idea of how this could be done better?---Yes. If it would assist the commission as well, I did have a line of conversation that I engaged with with SAP particularly and that was to encourage them to say, "Why aren't you interested in a prime contractor role? Why would you not come forward and lead the implementation of your own product?"

20

COMMISSIONER: When was that, Mr Burns?---I'm not sure, Mr Commissioner, whether it was during May, but it's likely it was then. It might have also been the subject of an ongoing discussion into the rebuild, but I was certainly taken with the logic of SAP stepping into an implementation role and leading the implementation. I'm sorry to have - -

30

Was that conversation with Mr Pedler?---It would have been with Mr Pedler. He also had a technical deputy, who unfortunately his name escapes me, but I certainly engaged with Megan Janke quite extensively on understanding the depth and scope of what they might be interested in doing. If I could mention, if it's relevant, again to the commission, when I was at Fonterra, SAP actually had build implementation responsibility. They actually did the technical build work and I was very interested to know why that could possibly have not been an extension of what SAP were doing for CorpTech. It would have made for a very interesting competitive situation, I felt.

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MR DOYLE: Is the man's name that you're thinking of Chris Peck?---Yes.

Did you have discussions with him in May 2007?---I'm sure I did.

50

I don't want to overuse the expression, but were they one-on-one, just you and he?---Yes.

If I've understood you correctly, was one of the things that you were asking SAP at that stage arise out of this

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circumstances that in fact the build and implementation of the SAP HR solution was being managed by Accenture and you were really asking them, in a sense, why they, SAP, don't do that themselves?---I was very interested in - - - 1

Consider doing that themselves?---Yes. I was very interested in why they couldn't do it at a better cost possibly than other vendors.

You understood at the time that the way the SAP HR - I'll start again if I may. There were two broad streams. There was the HR build and implementation and the finance build and implementation?---That's correct. 10

Both historically at least using SAP?---Yes.

The former, that is the HR, being managed by Accenture? ---Correct.

And the finance being managed by Logica?---Yes. 20

One of the things that you were talking to the SAP representatives about was the question of, in a sense, why have the intermediate companies - why have Accenture and Logica?---That is correct.

Okay?---I was quite frustrated why they didn't look interested in it.

But when you were having these discussions in May, was about not them becoming prime contractor for everything, but prime contractor for their own software?---Yes. It was more a partnership model at that time. 30

Is everything that I've asked you about in terms of your dealings with Accenture also true of your dealings with SAP, that is, that you were having these discussions for the purposes of encouraging ideas and effort from them, from their companies - - - ?---Yes. 40

- - - to assist you in doing what you had to do?---Yes.

I'll come back to what you had to do in a moment. Logica was also represented at CorpTech?---It was. I have to say that there seemed to be a less proactive marketing interest from Logica.

You know Mike Duke?---I do.

Do you recall if you had any discussions with him in May? ---I'm thinking again. It must have been during May that he came with, I think, a gentleman called Hugh Bickerstaff, possibly. My recollection of meeting with Mr Duke was that he had other people with him. 50

Did you have other people with you that you can recall?
---Yes. I certainly remember one meeting that involved
Barbara Perrott. It might have involved Keith Goddard.
It's very difficult to remember exactly who was there.

1

Do you recall any other meetings in May with Mr Duke or
with Mr Bickerstaff?---I don't recall them specifically,
but there was certainly a process of engagement.

Right?---And information requests and information exchange.

10

All right. Now, it is right to say that you were a
consultant but you were a consultant to CorpTech, the
government?---Yes.

Throughout the whole of your dealings in May, your
objective was to identify something, if it could be done,
which was better for CorpTech than what had already been
done?---That's correct.

20

Indeed, would that be true to say, Mr Burns, of the
entirety of your engagement with CorpTech?---If your
question relates specifically to better outcomes?

Yes?---Yes, the answer is: absolutely correct.

Now, I want to ask you about some dealings at least with
the representatives of IBM, and you've been asked about
some of them today. If you need to look at documents
again, please tell me and I'll show them, some I will show
you anyway?---Yes.

30

But you will recall that you had a meeting with
Mr Bloomfield together with Dianne McMillan - - -?---Yes.

- - - on 1 May?---Yes.

Do you recall that?---I recall it because the document
was - - -

40

You recall because of what you've been shown?---Yes, it is,
I'm afraid.

All right. Well, I will show it to you, I think. Just
excuse me. Stop looking at the clock, Mr Burns, I won't be
short, I'm sorry to say. Volume 27, please, would you go
to it?---27?

Yes, at page 230?---Yes.

50

Now, you've read this before, please look at again if you
need to. Without seeing this, I take it you don't recall
the fact or the details of the meeting, is that as we
should understand it?---Yes.

It wouldn't surprise me, and it doesn't surprise you, that you were speaking to Mr Bloomfield shortly after the meeting with Mr Ford on 30 April?---No, it was my job. 1

Correct. And one of the particular things that your strategic mind determined was that it would be good to speak to IBM in order to try to encourage more competition?---Yes.

And an aspect of why that occurred to you is because, to that stage there had been what I think you described as a comfortable arrangement operating within CorpTech - - -? ---Yes. 10

- - - - - of the consultants and the vendors being paid on a time plus basis?---Yes.

And really rolling from one department to the next in sequence without the kind of forward planning which ultimately you contemplated was necessary - - -?---Yes. 20

- - - and which ultimately you contemplated was required to be the task of your SDA in order to identify the various agency requirements in advance to define a scope and then to make people stick to it?---Yes, correct.

And none of that had happened under the comfortable arrangements as they had been existing, that hadn't happened to your satisfaction?---Yes, that was my understanding. 30

Okay. And to try to introduce some competitive element, you decided you wanted to speak to IBM and others, no doubt?---Yes, because they were introduced to me and - - -

Very good. Now, can you recall, when you spoke to Mr Bloomfield on 1 May, having two meetings? That is, one with Ms McMillan present and another separately?---I think, as I said, I didn't specifically recall how or when the meeting transpired but I had no particular difficulty with that it would have taken place. 40

All right. And even though Mr Bloomfield describes one as being off the record and the other on the record, those are not your words, he describes them as his own words?---No, they are certainly not my words. All the meetings I had with vendors were information gathering.

Correct?---As far as I was concerned, they were all on the record. 50

Well, I was going to ask you that. Where does one look to find the CorpTech record of the first meeting? That is, the one that Ms McMillan was present at, or indeed the meetings that you had with Megan Janke and Rob Pedler, and

Mike Duke, and Janice Griffith and - - -?---Well, there are no - - - 1

- - - Ms Mottershead?---Yes. There are no records because I would have got up, wandered down the passage or given them a call on the internal phones, said, "Are you free for a chat?" We would have gone and had a very intense discussion.

Right. Okay. But it doesn't surprise that you may have had, can we assume, an impromptu meeting with Mr Bloomfield?---Not at all. 10

Where you met in the foyer or in the coffee shop, or somewhere?---Absolutely

And you wouldn't hesitate to take that opportunity to talk to him about the matters you wanted to talk to him about? ---No. As I said, it was specifically my job that I was to do that. 20

And it would be, as you apprehended, specifically his job to talk to you, not only because Mr Ford had told him that he should do that but he is representing someone who wants to ultimately do work for CorpTech?---Yes.

Now, just looking at what he records you and he discussed, it's suggested that you said you were expecting big things from IBM on this one and then it says "innovative and expansive thinking". Now, it would not be surprising to suggest that you said to him that you were looking for innovative and expansive thinking?---No. 30

That's precisely what you were looking for?---Absolutely.

And you wanted IBM to give you as much effort as it could or it was prepared to do towards doing that?---Yes. And I think I've made it clear that I did see IBM as a particularly - well, as a potentially useful entrant into the competitive arena. 40

And to make that a meaningful entrance, it would have to be for something significant rather than a true to your role? ---As I'd intimated to all the vendors, I said, you know, the old order is not to be preserved, necessarily, so coming back to the no holy cows interpretation.

Of course. But to in fact intrude some degree of competition, price competition we're talking about, ultimately, you need to say - you need to get IBM and others to the point where they're prepared to at least seek a significant role rather than to do some mere trivial part of the task?---Yes. 50

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And you would have undoubtedly have said that to Mr Bloomfield, you know, that you're looking for - your aim is to try and encourage them to become involved in a significant way rather than in a minor way?---Yes.

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Without which, you could not have achieved the competitive introduction of the competitive environment that you're after?---Yes.

Thank you. Now, you were impressed with what IBM had done at Fontana, would it be right to say?---I was.

10

And you were, it would be fair to say, whether you used these words, that you were pushing the boundaries; that is, you were seeking to explore every possibility in the identification of a better way forward for CorpTech?---Yes.

And you were encouraging IBM to come up with such ideas, which you were anxious to receive from them and others? ---Yes.

20

Now, if one were to say that you were positively encouraging them to engage in expansive thinking to come up with innovative and expansive ideas, to push the boundaries and to seek to become involved actively in a significant way, that would be a fair summary of what you discussed? ---Yes, it would.

Now, Mr Bloomfield used the description that you're almost at the stage of coaching us and you, I think, tell us that you weren't coaching IBM, you weren't coaching anyone? ---No, I wasn't.

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Can I ask you if you agree with this: that you would be endeavouring to focus him, Mr Bloomfield, on bringing up the best that he possibly could?---Yes.

1

To get IBM to - his language is "to get IBM to the starting line to ensure a competitive contest"?---Yes.

You may well have said that?---Yes.

If you said that, you were doing so in order to provide what you perceived to be the best possible outcome for your client CorpTech?---Yes. In simple terms, I would have loved to have seen four very competitive bidding strategies from the four major vendors and possibly some from some smaller, if that's helpful to you.

10

That is.

COMMISSIONER: What did you have in mind that they bid for on 1 May 2007?---It was the beginning of a process, Mr Commissioner, that they take an interest in all the work that was scoped. So as the different agencies came up with different requirements, that we had ideally four hungry vendors eagerly looking for each opportunity as it arose, as that situation was at that time.

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MR DOYLE: Did you have any real formulated ideas as at 1 May?---At the beginning? I'm sorry.

The commissioner just asked you what you had in mind they were bidding for. I'm asking you really did you have in mind a particular thing they would be bidding for as distinct from having in mind that they would all become active in seeking more, if you like?---Not at that time. It was the process that concerned me early in that review process in that there wasn't a competitive, as I saw it, bidding process for work packages. It was really the way things were done and went about and implemented that was my concern initially.

30

Would you describe yourself as being someone who was attempting to motivate Mr Bloomfield to become more interested in helping you by providing ideas to you and, hopefully, encouraging IBM to introduce some competitive contest?---Yes, but it would be helping CorpTech in a sense, but I was the channel to get to benefit delivery to CorpTech.

40

It's right to say, isn't it, that for any vendor company to assemble its ideas and to do technical work, to understand what it's involved, and then to come up with some ideas will be a time consuming and costly activity?---Yes.

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You'd imagine that to be so, anyway?---It is.

More so for a company that has had little exposure to the project that one who's had a lot of exposure to the project?---Yes.

1

So that in a sense for such a company, the one who is behind the starting block, you've really got to encourage them to put in some effort because you know it's going to cost them money to do so?---Yes. I would have been clear on that.

10

Do you recall if you told Mr Bloomfield that you would be talking to the other vendors with the same object in mind? ---I'm sure I did because it was the tenor of all my discussions to the vendors that - no discussions would have been on the basis of, "Look, I'm just telling you this." I mean, we were engaging broadly.

Can I ask a slightly different question. As far as you can recall from this email and what we've just talked about, was the tenor of what you and Mr Bloomfield discussed on 1 May outside the scope of those things which Mr Ford had told all of the vendors the day before to expect to be discussing with you?---No. I'd say essentially it was on what Mr Ford had invited us to review.

20

Thank you. I won't take you through all of them, but I want to take you to some of the documents that you've been taken through by Mr Flanagan, for which you'll need volume 27 again. I'd like you to turn please to page 249. You'll see that Mr Bloomfield is sending you an email. This one is dated 8 May 2007. He says, "We are progressing our thinking around your request," and it would be right to say, Mr Burns, the request, as far as you can now recall, was the request to come up with ideas and so on, as we just talked about?---Yes.

30

He asks for some information. He says, "As a result, there are a number of items we would like to request to help shape and/or validate our thinking at this stage," and asks for various things, the first of which is the business case. It's right to say that's one of the first things you asked for?---Yes.

40

It's certainly an understandable request for someone of whom you've asked to come up with ideas for a new way forward to ask for the business case?---Yes.

Then schedule 9, that's also something one would need to know because it's the thing from which you're going to depart, I suppose?---Yes, it was.

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People involved in the project wouldn't need to ask for it. Someone who would have had a smaller involvement might need to?---Absolutely. It was a much debated document around CorpTech.

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Yes. Thank you. Then there were the scope documents for each release?---Yes. 1

Again, that would be something that someone in IBM's position would have to see in order to assist - well, it would certainly help them if they were to help you come up with ideas for the future?---Yes.

"Current program and understanding of procurement mechanisms," all of those things are proper things you'd understand they'd want to have in order to do what you asked them to do?---Yes, quite proper. Yes. 10

Would you turn then to page 262. Just excuse me. Before I do, at the same time can I suggest to you that - tell me if you can remember this - you had a meeting on 8 May 2007 with Chris Hubbard. Do you know who that is?---I'm sorry, the second name?

Chris Hubbard, H-u-b--b-a-r-d. No?---It's not ringing a bell with me. 20

And Karen Mottershead. She's an Accenture person you've identified to us?---Yes.

The subject matter of which, at least, was Accenture's SSS recommendations?---Yes.

Do you recall doing that or are you just - - - ?---I do because I believe Karen Mottershead had a very thoughtful document that she actually had with her. 30

Is it your recollection that Darrin Bond may also have attended that meeting?---It certainly might have been appropriate. I'm afraid I couldn't recall exactly who was there.

Then you can recall, can you, that some Accenture, SSS proposal or recommendation was presented by Ms Mottershead to you and possibly Mr Bond?---It was. 40

That is, is it fair to say, in response to the encouragement which Mr Ford had given them?---It was in response to some discussions that I'd had with Karen Mottershead.

I was going to ask you that?---Yes.

And also as a result of discussions you'd had with her? ---Yes. 50

Can you recall what was the subject matter of that recommendation?---It was a general strategy, I think, around SAP HR implementations as far as I recall. It was very much in her field and she had some suggestions around what she believed might lead to better approaches.

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She and you had discussions about that topic?---Yes. **1**

And she came with a recommendation about how that could be achieved?---She did. She did.

And had some ideas?---Yes.

I mean, ultimately, we see that you've expressed frustration with the Accenture and Logica, I think, ideas not being sufficiently new, but she at least attempted to do that which you'd asked her to do?---She did. **10**

It's right to say, isn't it, that Mr Pedler also had meetings with you in which he attempted to provide that which you'd asked him to provide, namely, ideas, innovative ideas, how to proceed?---Yes; and Chris Peck and Janine, Megan Janke.

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Now, back to 262, please. You recall - and I'm skipping over some things because you've been through them with Mr Flanagan this morning, but I'll just remind you that at some stage at the meeting on 1 May, I want to suggest to you, Mr Bloomfield walked you through a concept proposal dated 12 March that IBM had provided to Mr Waite pursuant to some earlier request?---Yes.

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That was emailed to you as well a few days later?---Yes. I think it came from Ms McMillan.

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Yes. And there was a number of emails that you and IBM then exchanged about various things where you were seeking to encourage them to come up with ideas and - - -?---Yes.

- - - so on. Leading, can I suggest to you, to this one, which you've read?---Yes.

Which records a discussion on Friday in which you asked for an indication from IBM of the aspects of the Shared Services program would be prepared to assist CorpTech?---Yes.

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Now, is it right to say that at by this stage you were asking them to identify, really, the extent to which IBM would be willing to attempt to become involved?---Yes.

Thank you. And Mr Bloomfield records, in particular, "We would be prepared to take on the PMO role." Do you see that towards the bottom?---Yes.

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And there were, as you know, later emails in which the possibility of the engagement of IBM to perform the PMO role was considered?---Yes, it was.

And it was considered after you obtained authorisation from the steering committee to do so?---Yes.

And there were attempts towards negotiation and ultimately IBM failed?---Yes.

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And it was given to someone else?---Correct.

Thank you. If you turn to page 263, you'll see this is an email you sent to Mr Bloomfield on the 15th as well, in effect saying, "So you've got nothing to give me, no new ideas"?---Yes. "Do better."

Well, that's what I was going to ask you, was that, in substance, what you were saying, what you've come up with in your proposed concept model is uninteresting, you've got to do more?---That's correct.

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Did you have occasion that you can recall, perhaps not in those terms, but to convey the same message to Logica and Accenture, and SAP?---Yes.

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Thank you. Would you turn, please, to page 270?
---Two seven zero?

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Two seven zero. This was an email from Mr Bloomfield again recording some things - well, sorry, it's a note of the meeting with you. It says, "I met with Terry Burns this afternoon," so that's on 21 May. Do you see that?---Yes.

Okay. And one of the things he records is that he, that is you, have already received proposals from Accenture and SAP?---Yes.

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Now, do you now recall whether you said that to him, and I suppose more importantly for my purposes, whether by 21 May you had received something which could be described as proposals from Accenture and SAP?---We would certainly have been receiving materials and I have in my memory the Karen Mottershead document was certainly something that resonated with me, and SAP provided us with, I think, quite a steady stream of materials and various ideas and proposals, and, well, documents.

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Can you recall now what - assume for the moment, please that you said something which Mr Bloomfield understood as you saying you'd received proposals from Accenture and SAP on 21 May. Can you recall now what you had in mind?---I can't specifically.

All right. Thank you. Would you turn, please, to page 282. You were taken, I think, to this email in the course of your examination by Mr Flanagan, or at least the email on page 282?---Yes.

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But I wanted to take you to the next page, 283. I suppose I should really ask you to read the bottom of 282 to start with where on 14 May an email was sent recording that there was a meeting held between yourself, Meredith Payne, James White and Lochlan Bloomfield at IBM?---Yes.

If you turn the page, there's, "In my view, our aim is to provide Terry with a suggested approach document." See that?---Yes.

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"Which outlines IBM's strong capabilities, articulates where it would be prepared to assist CorpTech," and suggests the next step you guys engaged?---Yes.

Now, that's precisely the sort of thing that you would have wanted them to do?---Yes.

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Whether it turned out to be a good document or a bad document, that's exactly what you wanted them to do?
---Correct.

You wanted all of them to do, all the vendors to do?---Yes.

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Then it says, "This is a non-binding document that's intended to get IBM a seat at the table to discuss how involvement can be increased." It's certainly right to say you had in mind ideas being given to you but nothing that would be binding?---Yes.

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"Terry is happy to share with us information about the Shared Services program to allow us to come back with some meaningful suggestions." That would be undoubtedly true? ---Yes.

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And indeed, it would be essential in IBM's case to give them that information in order for them to come back with meaningful suggestions?---Yes.

All right. Then on top - I'm sorry, "However, in the first instance, he wants us to give him a high-level understanding of where IBM can assist them." And that's what you wanted?---Correct.

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Thank you. I'll skip over the dealings with respect to the PMO. Can I ask you then to go - - -

COMMISSIONER: Mr Doyle, can I ask how long you think you might be?

MR DOYLE: More than an hour, I'm sorry, sir.

COMMISSIONER: All right. Mr Burns, I understanding you're going to New Zealand shortly?---Yes. Actually, it's - - -

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When is that?--- - - - and is a fairly long trip.

Yes. When are you leaving?---I was hoping to leave tomorrow in the afternoon. If I may mention as well, at Mr Flanagan's request, I could arrange a statement for 7.30 tomorrow morning.

Well, what we might do - - -?---I'm very happy to - - -

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- - - is sit on now until quarter to 5.00 and start tomorrow at quarter to 10.00.

MR DOYLE: Could we start tomorrow at 9.30 but rise this afternoon at 4.30? I personally have some other commitments.

COMMISSIONER: Yes, sorry.

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MR DOYLE: I'm sorry about that.

COMMISSIONER: Yes, I'm happy with that. Does that suit you, Mr Burns?---Yes, I really appreciate your consideration, Mr Commissioner.

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MR DOYLE: I'm confident I'll be an hour.

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COMMISSIONER: All right. You've got three more minutes, I think, Mr Doyle.

MR DOYLE: All right. I'll try to do something as an overview. On the time, you've got to agree with me now, Mr Burns. It is right to say, isn't it, that you have a specialty in the management, and hopefully the solution, of the stress project?---Yes.

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Sorry, the management of the stress project?---Yes.

And that your specialty involves identifying strategic steps and recommending means to overcome them?---Yes.

And that is precisely what you were engaged to do?---Yes.

And to do that, you had to encourage people to help you to give you ideas and - - -?---Absolutely.

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- - - be prepared to change the way things had been done in the past?---Yes.

And that as far as you can judge yourself, you conducted yourself fairly as between all of the vendors throughout the whole of the time that you were engaged by the government?---I believe that absolutely.

Right. From whatever time it was in April to whenever it was it finished?---Yes.

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Certainly the ITO finished?---Yes.

And there seems to be a suggestion that somehow you were favouring IBM, that seems to be the underlying suggestion, at least?---I've gathered that.

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Is that right?---Absolutely not.

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You've identified that you wanted to encourage IBM to become involved in order to introduce competition?---Yes; and I did mention earlier, frankly, that I thought IBM could be very useful to us in creating that competitive pressure.

The object of doing so was to benefit CorpTech, I gather? ---And the taxpayers of Queensland, obviously.

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Ultimately?---Yes.

Have you read Mr Bloomfield's statement?---I did skim it quickly.

That will do. In parts, and I'll summarise it, he had a reservation that you may well have been encouraging IBM to become involved in order to create competition, but that he was sceptical that in fact you genuinely had in mind a role for IBM. You recall reading that at least?---I do.

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Is that right?---No. While I believed they would be useful to us, clearly, every significant vendor would come into the process with an opportunity to out-perform the others.

Just stepping back. You wrote them on 15 May an email which said, "You've got no new ideas"?---Yes.

That's another means of encouraging them to come up with new ideas?---It certainly was. It was meant "do better" as I think I mentioned.

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There was an attempt to negotiate a role for IBM in the PMO?---Yes.

And it failed?---Yes.

Another company was engaged?---Correct.

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Were you not involved in that? Were you involved in the question of who should be awarded that contract?---As I think I said to Mr Flanagan, it was certainly a topic that I would have been engaged in, but it was ultimately procurement's decision on who they went with.

Thereafter, what happened was - immediately thereafter - what's described here as an RFI in which you invited 11 vendors to come forward and provide information to you? ---Yes.

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Did that represent the whole body of significant suppliers involved in the project?---Yes; and obviously those names were suggested by other people in the team because I didn't know all the vendors in Australia at that time.

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Then ultimately an RFP, as it's described, which we'll talk about tomorrow?---Correct. Yes. 1

And an ITO which was much later again?---That's correct.

The evaluation of that was conducted by people whom you at least believed had expertise to make decisions about the right or wrong judgments, right or wrong contract to accept?---That's correct. 10

Thank you. Is that a convenient time?

COMMISSIONER: We will adjourn until 9.30 tomorrow morning?---Thank you very much.

THE COMMISSION ADJOURNED AT 4.33 PM UNTIL
FRIDAY, 12 APRIL 2013 20

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