



**QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY**

Statement of Witness

<i>Name of Witness</i>	Michael Walsh
<i>Date of Birth</i>	Known to the Commission
<i>Address and contact details</i>	Known to the Commission
<i>Occupation</i>	Management Consultant

I, Michael John Walsh of c/o Crown Law, State Law Building, 50 Ann St, Brisbane Qld 4000, state as follows:

1. I have been asked by the Commission to provide details of my involvement in the settlement of the contract with IBM.
2. I have also been asked to comment on an email communication between Ms Natalie MacDonald and Mr Mal Grierson describing the outcome of a consultation discussion between me and Ms MacDonald (Attachment One).

Background

3. In my role as Executive Director Payroll Improvement Program, I was consulted in relation to the Cabinet Budget Review Committee (CBRC) submission number 3962 of 22 July 2010 (Attachment Two) and submission number 3979 of 26 August 2010 (Attachment Three).
4. I recall being provided copies of these submissions for my review but I cannot recall what version I was provided or if I was provided with all attachments. I reviewed the submissions and provided verbal and written advice. In relation to written advice, I

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Handwritten signature of Michael Walsh in blue ink.

Witness signature: _____

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have been provided with a copy of an email and attachment that I sent detailing a summary of submission number 3979 (Attachment Four).

Scope of Advice

5. Under the Payroll Stabilisation Project (PAP) and Payroll Improvement Program (PIP), the relationship between Queensland Health and CorpTech was clarified. Queensland Health was a client of CorpTech through a service level agreement for CorpTech to provide and maintain the payroll system.
6. CorpTech had contracts with IBM and other organisations to meet their obligations of the service level agreement.
7. I believed that Queensland Health was legitimately consulted regarding the potential termination of the IBM contract as it was a high risk issue that could impact on the delivery of the fortnightly QH pay run.
8. The scope of the consultation and the advice I provided was in relation to the issues associated with the potential impact on Queensland Health in relation to the potential termination.
9. I provided advice on the potential impact of the proposed course of action on the continued provision of each QH fortnightly pay. I did not provide advice on the suitability, terms or conditions of the settlement.
10. As I stated in my advice at the time (Attachment Four), I believed that "Given the high risk that securing contractors to undertake the work directly through CorpTech would be very difficult should the contract be terminated, the lower risk option to progress with the supplemental contract is preferred."

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Witness signature: _____



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11. My advice is consistent with the KPMG risk assessment that is attachment 14 of CBRC submission number 3962 (Attachment Two) which states: “CorpTech have made progress in developing a strategy to manage the transition of these key resources from IBM thus ensuring continuity of support. We do not believe it would be prudent for the Government to sever its relationship with IBM until such time as it has a level of comfort that it can effectively manage the transition of the identified resources supplemented by an effective hand over of key QH HR documentation and status of the work programs being managed by IBM. As is outlined in the CBRC submission this is more likely to be achieved under the option which seeks to negotiate a settlement with IBM thus allowing time to effect the transition.”

Defects listed as part of the supplemental agreement

12. As described in my previous statement, there was a process in place to identify and prioritise items to be fixed in the payroll system. It was not part of my consideration or the consideration of the PSP or PIP as to whether any of these fixes were considered to be warranty issues or issues of special consideration for IBM. We operated on the basis of assessing the priority of each issue and scheduling these to be fixed as quickly as possible.
13. I did not provide advice on the list of identified items associated with the supplementary agreement. However, I did recognise some of these as items that had been identified or confirmed as important through the project.

Email communication regarding consultation with me

14. I believe the email communication between Natalie MacDonald and Mal Grierson (Attachment One) providing a summary of my advice in relation to the CBRC submission is consistent with my recollection and the written advice I provided at the time.

Signature: _____



Witness signature: _____



15. Although I do not recall the discussion between me and Ms MacDonald, I believe that the comment in the email regarding the potential view of the Deputy Premier in relation to the advice is consistent with my understanding at the time. I believed that the Deputy Premier was significantly concerned about the contribution of IBM to the payroll problems. However, I also believed he was also equally concerned about ensuring that QH staff were payed each fortnight.

Declaration

This written statement by me dated 31 MAY 2013 and contained in the pages numbered 1 to 4 is true and correct to the best of my knowledge and belief.

[Handwritten Signature]

Signature

Signed at BRISBANE this 31ST day of MAY 20 13

Witnessed:

[Handwritten Signature]

Signature

Name MARINDA ADAM Solicitor