



SPARK AND CANNON

**TRANSCRIPT
OF PROCEEDINGS**

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 19/03/2013

Continued from 18/03/13

DAY 7

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 10.00 AM

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COMMISSIONER: Ms Nicholas, before you start there's a matter I want to raise with Mr Doyle, if I can. Mr Doyle, as we adjourned last night you said there was, from your point of view, a element of unfairness in making that exhibit, or the part of the exhibit available, when similar documents in possession of Accenture or Logica weren't also made available. What you say would be right if there were such documents, but to the best of the commission's knowledge there aren't. That was largely the point of calling Mr Duke and Mr Salouk to say that the nature of their dealings with Mr Burns was rather different.

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I appreciate that Mr Salouk came on the scene rather later, but the commission staff either have interviewed or are in the process of interviewing the two people from Accenture who were there before Salouk, and statements will be prepared, and (indistinct) have been asked to produced the communications of the kind that Mr Bloomfield produced so far. The request was made some time ago and nothing of relevance has been produced, but the request had been made recently. But if anything turns up obviously it will be made available.

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MR DOYLE: Thank you. The nature of my expressed concern was whether or not summonses have been issued to Accenture along the same line of that which has been received by IBM. In fact, I should say, as I'm sure you're aware, Mr Commissioner, that we provided the contents of what is that 2 May email to the commission before any request was made to us.

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COMMISSIONER: Yes, I do know that.

MR DOYLE: And then we were going to request the document. And our concern really is the one I expressed yesterday, is whether the same approach is being taken to elicit documents and information from Accenture.

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COMMISSIONER: And it has, and Logica.

MR DOYLE: We have a recollection of what Mr Duke said in the witness box said about that, but I'm grateful for that.

COMMISSIONER: Yes, thank you. Yes, Ms Nicholas.

MS NICHOLAS: Mr Commissioner, could I call Mark Nicholls, please?

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COMMISSIONER: Yes.

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DOYLE, MR

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NICHOLLS, MARK affirmed:

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COMMISSIONER: Yes, sit down, please. Yes, Ms Nicholas.

MS NICHOLAS: Could you give your full name to the commission, please?---Mark Nicholls.

Mr Nicholls, have you provided the statement to the commission?---I have, yes.

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Could you look at this document, please?---Thank you. I've just forgotten my glasses, actually. They're just at the back there.

COMMISSIONER: Yes, go and get them, please?---Thank you.

MS NICHOLAS: Do you recall the date upon which you signed that statement?---Not specifically, no. It was in the last week or so, the 8th I think it was.

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Was it yesterday?---I had to re-sign it yesterday because the original signature, there was one signature missing so I had to go about a re-signing of it yesterday. Yes, do you want me to read it?

Yes, can you see the date on that statement, please?---This written statement to be dated 7/3.

Thank you. And are the contents of that statement true and correct to the best of your knowledge?---Yes, they are.

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I tender that statement, Mr Commissioner.

COMMISSIONER: Yes, Mr Nicholls' statement will be, I think, exhibit 24.

ADMITTED AND MARKED: "EXHIBIT 24"

MS NICHOLAS: Thank you. Now, you are the owning and managing director of Information Professionals, is that correct?---Correct, yes.

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And what is the business of information professionals? ---We're in the business of helping large organisations, particularly government, with IT based change, program management and the associated changes associated with technology improvements.

It's a company with an IT focus. Is that correct?---Yes, that's correct. Yes.

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And you hold a bachelor of applied science in mathematics? ---Correct.

And an MBA?---Yes, correct.

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Is it correct to say you have significant experience in managing large scale IT contracts?---I think that's fair to say, yes. 1

And you've also worked on major IT projects for a number of different government agencies - - -?---Yes, I have.

- - - including Queensland Rail - - -?---Yes.

- - - and CorpTech?---Yes, correct. 10

Now, when did Information Professionals first provide consultancy services into CorpTech?---In 2005.

2005? Could I take you to paragraph 12 of your statement, please?---Yes.

You say there that in 2005, "Information Professionals participated in two consortiums for procurement for CorpTech"?---Yes. 20

Could you please explain what you mean by "consortium" there and what the nature of that relationship was, please?---Yes, sure. Well, there was three in total, so by "consortium" it would be a group or organisations who are participating together to win government business, in this case. But generally it would be one organisation that primes that bid, so we would have the direct contractual relationship with government and every other organisation would form under that, and so in that case - sorry, in each of those three cases it was about format. So the first prime bidder, or the first consortium prime by Pricewaterhousecoopers, and then by Logica CMG, and then by Arena Organizational Consultants, and they were the three in total. 30

You mentioned Arena there. As at 2005 what was the nature of the relationship between Arena and Information Professionals?---Well, I worked with Gary Uhlmann from Arena in probably around 2002 to 2004 in the Queensland Rail program, and Gary and Arena were engaged into Queensland Rail and so he and some of his team were effectively team members of my program that I ran and I utilised their expertise. After that, I still knew Gary in terms of he was another colleague around town and so we kept in touch, yes. 40

If I could take you, if I could, please, to paragraph 17 of your statement?---Sure. 50

You say there that you've conceived of a concept for an Arena led bid into CorpTech?---Yes.

What was your concept for that bid?---Well, I saw the opportunities from CorpTech, from our perspective they were

going to market looking for supplies. I felt with the capability that myself and our organisation, which was 1

relatively new, had, coupled with the capability that Gary's organisation had, that we could provide a very strong offer into the Queensland government. So I took that to Mr Uhlmann and proposed that we worked together to form a proposal, and my recollection at the time is I think Gary was familiar with it but was probably uncertain about his capability to bid, but was significantly increasing in confidence as a result of me suggesting that we team together. As a result of that, we then determined it was wise to invite a third party into that bid to fill a hole that we thought we had in our offering. 10

Why were you uncertain about his capability?---I wasn't uncertain about it, but I don't think Mr Uhlmann was taking seriously a bid at that point, it was only upon joining together he and I felt very confident of our ability to provide a sound offering to Queensland government. 20

And is it correct that Mr Uhlmann had strong relationships within the public sector - - -?---Yes.

- - - with previously being a deputy director-general? ---Yes, exactly. Yes.

Now, can I ask: at the time, was Mr David Ekert an Information Professionals subcontractor?---Not at that time, no. David formally joined Information Professionals in, I think, around December 05. 30

December 05?---So I knew David, and I can't recall the exact dates, but there may have been some discussions we had with a view to him potentially coming on board but there was no formal agreement at that point.

Now, the relationship between Arena and Information Professionals that you've just outlined, was that ever formally documented?---No, that wasn't. 40

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So if it wasn't formally documented, how did it work in practice?---In practice, there would be business opportunities that we would request that would come from government through the concordian, so they would flow to the Arena office, and then the Arena office would decide to what degree they inform the concordian partners which would be our organization or present partnership about those, and then we would contribute time for those offers as required and then we would invoice through that chain as well.

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So in the case of CorpTech, did information professionals contract directly to CorpTech or subcontract through Arena?---We had multiple ways in which we provided services so we provided services directly in some cases to CorpTech. We provided some services through the Logica relationship and we also provided services to - via the Arena relationship and we were fully open about that and managed the relationships accordingly.

I might then take you to paragraph 19 of your statement if I could, please?---Sure.

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You say that over a period of time, the relationship between Arena and Information Professionals became challenging and confused?---Yes.

Why was that the case?---It was unclear exactly what scope of work we were expected to be responsible for and what scope of that work Mr Uhlmann felt was appropriate to hold onto and deliver directly through the Arena organization, and so offers of work that would come through Arena, yes, we wouldn't necessarily know about, even though it would typically be something that we would be able to deliver and so that became a bit challenging knowing exactly how to work with that organization and manage expectations really.

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So is it correct to say there were tensions in the relationship?---Yes, there were but I think they were kind of under the radar to some degree. They weren't really dealt with very well.

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When did those tensions first surface?---Look, I think to some degree they were there the whole time but they manifested more as the relationship went on.

Now, in 2005, a review of the Shared Services agency was conducted by Mr Uhlmann of Arena?---Mm.

I might take you to - could the witness be shown volume 1 at tab 1, please?---Thank you.

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Now, you will see just at the cover page there that it's on an Arena letterhead, it's a strategic review of the Shared Services Solution program and it's dated 20 December 2005?---Yes.

Are you familiar with that review?---I am broadly familiar with it. I do recall it happening at the time, yes. 1

Did you participate in that review in any way?---I think my participation was very limited. These types of reviews, they were typically conducted by Arena, by internal Arena personnel so my participation wouldn't have been in the formation of this review, more I might be requested to provide a view or a contribution in a particular area of an opinion for instance but the actual construction of the report, no. Or the review of the report for that matter, no. 10

So you had no relevant drafting in that report?---No, none at all.

No. Now, this review ultimately recommends that a director of program management be appointed?---Yes.

Are you familiar with that recommendation?---Yes, I am. 20

Now, what would that have achieved?---It may have brought about some stronger points of accountability which was an issue and of course, it is an area of challenge at times for government so it may have helped with accountability but there may be some challenges, I think, in implementing that as well, given existing stakeholder interests.

Did Mr Uhlmann ever consider you for that role?---Yes, he did. 30

Was it a role that you wanted?---I think it would be a role that would require some important conditions placed on how one would go about conducting a role like that. Yes, my view on stepping into any role like that is you want to ensure you have got some reasonable chance of success and given the complexity environment and the challenge of the nature of this program of work, then it would take more than just a program manager sort of writing it down, so to speak. 40

Okay. On that point, I might take you to paragraph 28 of your statement, please?---Yes.

You say that you observed at the time and we're talking 2005 there, that CorpTech was struggling with the Shared Services implementation?---Sorry, what paragraph was that?

Sorry, paragraph 28?---Yes. 50

The first paragraph?---Yes.

Why was that the case?---Well, in 2005, they were already - in my view, they were already behind schedule. The types of things that I would have expected to have seen operating on a program of that scale and complexity, their proximity

to their next scale live which I believe their was first scale live scheduled for December 05 and my first time on site was the September 05, many of those basics weren't in place and so I felt as if they were well behind where they should have been, considering they had been in existence for some years at that time.

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Do you recall the scheduled go live? Do you recall which agency that was?---No, I don't, I'm sorry.

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Who was your main point of contact in CorpTech at that time?---Main point of contact was Jan Dalton.

Jan Dalton?---Mm.

Now, is it correct that Information Professionals continued to provide advice and consultancy services to CorpTech between 2005 and 2007?---Correct, yes.

THE COMMISSIONER: What was the nature of the services you were providing?---It was a range of services. We got asked to contribute in a number of areas. We certainly contributed change management, training assistance, so for instance oh the training side of the program, there's a team developing training materials, developing training curriculum for how this new system will work and how the new processes will work. There's a large body of work and so there is managerial exercises associated with that so we were assisting in that regard. There's a large program or a schedule of work with a work breakdown showing various tasks and who is to do those tasks and dependencies, and so we assisted in that regard with the scheduling of work and the reporting of that to various project managers across the program. The change management work that Mr Uhlmann has spoken about, yes, we assisted with that change management work. So there was a range of different things depending on what we were requested to do.

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Thank you?--- Okay.

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MS NICHOLAS: Now, is it correct that Geoff Waite approaches you early in 2007 to do another review of the Shared Services Initiative?---Yes.

Were you aware, was Arena also approached to do that review or participate in that review?---Yes, correct, yes.

Do you recall, was there a sense or urgency about that review? ---Yes, there was and look, I think the approach was more - not so much in regards to a specific review with a defined scope and outcome, but it was more looking for a way forward because there was increasing pressure coming on the program to deliver.

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What did you understand to be the scope of that review,

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that Geoff Waite asked you to carry out initially?---The main objective was around a replanning exercise, looking at that could be done to try and move the program more rapidly to a successful conclusion and I do recall that yes, there was increasing pressure around budget. Having said that, I had heard that story a number of times over the previous two years so while no doubt that was true, it doesn't mean it couldn't be dealt with as it had been previously.

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Now, is it correct that around the same time you were asked to do that review, you come across a consultant named Terry Burns in the marketplace?---That's correct, yes.

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How did that occur?---My HR manager introduced the two of us and so I don't recall exactly how she came across him but whether it was through advertising through various prospective team members in the marketplace is most likely the mechanism, and so she introduced me to him, yes.

So he came through your HR manager?---Yes.

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Did you interview him when she first put him forward?
---Yes. She did and then I subsequently did, yes.

How long had Mr Burns been in Australia when you first met him?---I can't recall but I think it was a matter of months, yes.

How did you determine his qualifications in that interview?
---Well, we had a screening process we went through reviewing a number of different areas, you know, conversations about previous experience, discussion on various problems and solutions as to how he would go about dealing with certain situations, yes, so a range of things, yes.

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Did he offer you referees?---Yes, we got referees; yes. 1

Did you check those referees?---Yes, they were checked; yes.

And what was the result of those reference checks?---They were fine, yeah.

Okay?---They were fine, yeah. 10

Could I take you, please, to volume 32 and if you go that volume you'll see there's a tab 29, please?

COMMISSIONER: So what page are we at?

MS NICHOLAS: Behind tab 29, page 1.

You've got that?---Yes, I do.

Now, that appears to be a CV of Terry Burns on Information Professionals letterhead?---Correct, yes. 20

Now, did you prepare that CV or cause that CV to be prepared?---Yes, correct.

And do you recall why it was prepared?---We proposed that Terry Burns could be used in the assessment with Geoff Waite and it was part of a proposal that we put forward to CorpTech. 30

So it was prepared specifically for the purposes of possibly engaging him into CorpTech?---Absolutely, yes.

Okay. I might just take you through some items on that CV and the first paragraph - - -?---Sure.

- - - you see that Terry Burns has led teams of more than 250 people and has won three IBM management awards?---Yes.

And then it says under that, "Terry began his career in intensive training at IBM"?---Yep. 40

Then under that, under "Significant Projects", you'll see there's a heading, and the first item under that, it says, "As program directorate Fonterra, Terry directed a 290 million global business transformation program - - -? ---Yes.

- - - rolling out all major modules of SAP R3 across the international operating companies of the Fonterra group? ---Yes. 50

And that the program is the largest single IT program ever implemented in New Zealand?---Yes.

Now, did Mr Burns ever speak to you directly about that particular piece of work for Fonterra?---Yeah, I believe so, yeah.

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And do you recall what he said about it when you interviewed him?---No, I can't recall specifics, but we didn't talk so much about achievements; we talked about the nature of problem-solving on programs of this scale and shared views on that, and that was enough for me to substantiate at that time that he had a good understanding of the nature of these types of programs.

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Do you recall ever having a conversation with a David Bostock of IBM about Terry's work on that project? ---I did have a conversation but that was some years later.

I see?---Yeah.

And was that a discussion about his work on the Fonterra project?---Well, I think Mr Bostock had some involvement in the Fonterra project, yes, and, look, I recounted my views or my experience, I should say, with Mr Burns and Mr Bostock suggested that I would have done well to have spoken to him first before engaging Mr Burns.

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In any event, though, you didn't speak to him before - - -? ---No.

- - - Mr Burns. Thank you. Now, did Mr Burns have his own consultancy company when you - - -?---He did, yeah.

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Do you recall what the name of that consultancy company was?---I think that was Cavendish Risk Management, I think. It was certainly Cavendish something or other like that, yeah.

Okay. So having prepared that CV, is it correct that you proposed to Geoff Waite that you can utilise Terry Burns on the review that's to be undertaken. Is that correct? ---Yes, definitely and conditionally so, I might add, because, I mean, he was new to the country and this was a significant piece of work in the sense that it had the potential to be highly influential. It's a very complex program of work and so we went about to provide Mr Burns as effectively a free agent, provide an opinion.

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When you first proposed the use of Terry Burns to Geoff Waite, did you ever seek to interview him or check his references, or did he take him on your endorsement? ---I believe largely on endorsement; although, I had introduced Mr Burns to Ms Dalton previously, and at least on one occasion, and I can't recall if Geoff had met him previously through us. There was a series of meetings that occurred over some weeks and I'm fairly certain that Mr Burns attended some of those meetings, and those

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meetings initially resulted in a proposal by Mr Uhlmann that snapshot review take place, which was that, you know, five-day or one-week review.

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So when you recommend Mr Burns to Geoff Waite, you place qualifications on your recommendation. Is that correct?
---Yes.

And what were those qualifications?---That we properly supervise his work, this will be something on the Information Professionals banner, and that we would need to make sure the appropriate quality goes along with that.

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So you identify supervision as being a key?---Absolutely, yeah.

You say "we need to supervise him"?---Mm.

Who was actually going to be charged with the task; did that fall to you?---Well, ultimately it was going to fall to me, yeah.

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Fall to you?---But I would also rely on other team members that we had there, which would include Mr Ekert and one other team member who was subsequently involved.

So other Information Professionals team members?---Correct, yes.

Was there ever any understanding that someone - you obviously couldn't be with him all the time?---No.

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Was anyone within CorpTech to be supervising him?---Well, the sponsor was Mr Waite but it probably would have been challenging for him to have the time as well, so there really was no-one else who was kind of riding alongside him, so to speak.

So it's correct to say that the responsibilities for supervision that you'd identified - - -?---Yeah.

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- - - fell to Information Professionals?---Correct, yeah.

So who under the - you talked about a short, sharp snapshot review?---Mm.

Before that, who was Mr Burns to be taking his instructions from?---For that initial snapshot review, that was working primarily with Mr Uhlmann for Arena because that initial report was an Arena report.

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So he was taking his instructions from you? Sorry, from Mr Uhlmann?---Yes.

Was he ultimately answerable to you or to Mr Uhlmann?---For the snapshot review?

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Well, broadly - well, when you first engaged him into CorpTech?---The engagement - there's really two parts which I need to point out. So there was an initial review that Arena Organisational Consultants did which it seemed - my - I guess my view at the time, it was more pre-salesy in nature; it was more, I guess, fortifying the view of CorpTech stakeholders for a slightly more extensive piece of work, so it was a very short, sharp, one-week piece of work that Mr Uhlmann's proposed. Now, in that case there, I would suggest that our responsibilities for Terry Burns's performance were to Mr Uhlmann because Terry Burns was providing that to Mr Uhlmann. Arena's report we have no direct responsibility for other than Mr Burns's contribution.

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Okay. I might take you, if I could, please, to volume 1, and it's page 158. It's behind tab 1.3. Now, is that the snapshot review that you're speaking of there?---That looks like it, yeah.

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So you participated in that review?---I did, in very limited form, yeah.

When you say "limited form", what was the nature of your involvement?---As per my statement, my view of this report was very much a gathering of minds to formulate a series of opinions and much of this was, as I stated, was, you know, fairly obvious, if not explicitly agreed amongst everyone within CorpTech, so I certainly did attend some conference sessions and some meetings that were held, some whiteboard workshopping that happened in the arena office, but the actual drafting of it, and I'm not sure that I even had an opportunity to provide any review comments on it, was all on the Arena side of the draft.

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Terry Burns participated in that review?---Yes, he did.

Could you recall, was he engaged through Information Professionals to do that piece of work?---At that time, yes.

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He was?---Yes.

Was he paid for that piece of work?---He was, yes.

Was there ever a suggestion that he would do that piece of work for nothing?---I have heard these suggestions and, look, I really can't recall.

Yep?---Yeah.

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In any event, he was paid by Information Professionals? 1
---He was, yes.

Now, that review is on Arena letterhead?---Yes.

Who signed off on that final report?---I imagine it would have been Gary Uhlmann.

Now, can I ask as a result of that review, I appreciate it was a short, sharp piece of work, but were you impressed with Mr Burns' work?---I'm not sure if "impressed" is the right word. I was sufficiently satisfied at that time that he made an adequate contribution. I didn't have high levels of involvement, I had to take some advice from others, including Mr Uhlmann himself, and they seemed to be satisfied. And so in that sense I was comfortable, but he was demonstrating sufficient capabilities to continue engaging him in some form should the client wish that. 10

And did you present that review to CorpTech?---Which review is that? The April - - - 20

Snapshot review?---I think I was involved in some meetings after this was initially presented in a formal sense, and that was done by Mr Uhlmann, and I wasn't involved in that. There was a series of discussions that then occurred, and I was certainly involved in some of those discussions about what the next steps were and where CorpTech wanted to head.

And do you recall who you had those discussions with? 30
---That included Geoff Waite, Jan Dalton, I'm certain Darren Bond was involved, certainly Gary Uhlmann, Terry Burns was involved in some of those meetings, there could have been others.

And when you speak of those discussions, were they with those individuals or did you have group discussions?---It was largely group discussions, yes.

Now, is it correct that as a result of this sort of snapshot review you were then asked to conduct a broader review?---Correct. 40

Who asked you to do that?---Geoff Waite requested, yes.

Geoff Waite?---Yes.

And was that a request to Information Professionals?---It was a request of Information Professionals, it was a searching initially for how we progress. But the intention was that Mr Burns was the, I suppose, the primary resource that was used, although under our supervision, and it was open at that stage as to whether that was going to be via Arena or through Information Professionals. And I put to Mr Uhlmann, I know he was fairly busy at the time and he wasn't able to attend the particular meeting, and I put to 50

him any claim that he felt he should have over this work and I put to the client, Geoff Waite, about how we would like to engage. Mr Waite requested that he engage us directly and so we provided a proposal accordingly.

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So Arena had no involvement in that for the review?---No. Well, not directly, although their personnel would have contribute to work on site at CorpTech.

Okay. So if that piece of work is done under the Information Professionals banner, did that cause tensions between you and Gary Uhlmann of Arena?---Yes, definitely. Yes.

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Could I ask, please, about the scope of that broader review. What were you to look at as part of that review? ---It was effectively a re-planning exercise on what could be achieved within CorpTech by looking at what had been accomplished to date and what needed to be accomplished moving forward, what the constraints were. There's a range of large dependencies at play in a program of this nature, so, you know, I know there's been discussion about LATTICE, for instance, and Queensland Health, there is other departmental concerns similarly to that. There's also budgetary constraints and a range of other things, so it was taking into account some of those bigger picture items and how the program can be rescheduled, what options there is available to be able to move the program forward successfully, and this connecting to some degree from the current pattern of thinking that had ensued in the previous year or two.

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And did you define that scope or did Geoff Waite define that scope for you?---There was a terms of reference established, and that terms of reference was - it was defined collaboratively in discussions, in those discussions I referred to previously. Ultimately, it was drafted between myself in consultation with Terry Burns and we presented that to Geoff and he was comfortable with that.

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All right. How long were you given to conduct that review? ---Five weeks, I believe, yes.

And who else assisted you with that review, was it you and Terry Burns primarily?---It was Terry Burns. There was a range of contributions from people on site, of course, at CorpTech. I know David Ekert had a contribution as well from my IP, there was another one of my consulting team by the name of Diana Baxter who also contributed. Terry Burns was really the lead in preparing that work and under my supervision.

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So going back, you had obviously identified the need for supervision to Geoff Waite early on?---Yes.

Was it the case for this particular review Terry is answerable to you?---I believe that to be the case, yes.

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Taking his instructions from you?---Yes, correct.

And you were supervising him?---Yes, correct.

Do you recall when that review started?---It was the end of April, I believe.

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End of April?---Yes.

Could I take you to paragraph 51 of your statement, please? You've got that?---Yes.

Now, you say there in the last paragraph that, "Terry's single minded commercial demands and interests, at the expense of other interests, began to concern me early in the five-week engagement"?---Yes, that's correct.

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Can you explain what you mean there by his "single minded commercial demands"?---He was very aggressive in terms of his expectations on what he should get paid, and was somewhat dismissive of anyone else's commercial interests and risk and cost or any of that didn't really come into play for him. He would use various pressuring tactics, the sorts of things when you're used to hiring a lot of people it's quite common at times, so, you know, threats, in a way, around other hiring opportunities, other job opportunities, other roles. Information of that nature in an advisory form is great from potential team members, because it gives you an understanding of what competitive offers may be out there for them. But it was presented in a very, I suppose, posturing way, I felt, from Terry.

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When you speak of threats, were they threats issued to you? ---"Threats" is maybe a bit too strong a word, but maybe posturing is a better word, so, about other opportunities looming for him to be hired for other large scale programs or large corporations wanting him and what they're about to offer for him and the urgency with which we needed to engage him and lock him in.

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And when you say "interests at the expense of other interests", what do you mean there?---Well, obviously the client interest number one. So a five-week engagement on a program of this nature where there's serious challenges, that was a lot to be done, and to be posturing on rate considerations and what those rates need to be if there's any ongoing work after this engagement is highly inappropriate, in my view.

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How early on in the five-week engagement did those demands begin to surface?---Well, they started before the five-week engagement, so even managing his expectations around rates, they were happening prior to the five weeks.

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Is that not normal that contractors would try to negotiate a good rate - - -?---Of course. 1

- - - going into an engagement like that?---Yes, of course, and to some degree these are accepted in the normal sort of course of business. Admittedly, it was relatively aggressive from Mr Burns, but when they continued into the early stages of the engagement in a way setting terms of engagement for the next subsequent work, should that occur, then that started becoming concerning. 10

Is it correct that you phone Geoff Waite about your concerns at some stage during that five-week engagement? ---Yes, I did; yes.

Do you recall when that was?---I do have trouble recalling exactly when that was and I haven't had access to any handwritten notes, unfortunately, for the entire period, so I would suggest probably the second or third week. It was certainly prior to my overseas trip which kind of punctuated the engagement. 20

So it's fair to say that call was made closer to the beginning of the engagement than the end?---Yes, certainly early to mid.

And what did you discuss with Mr Waite in that conversation?---I suggested to Mr Waite that he and CorpTech, generally, should try and resist forecasting any continuation of this work or any continuation of a role for Mr Burns. Mr Burns is very politically astute, and it's a good quality to have in a program of this type, but he was politically astute to understand that if there was a high likelihood of him getting continuing engagement it would create a lot of additional commercial pressure on his rate demands, and so I counselled Mr Waite about that. 30

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At paragraph 52 of your statement, if you've got it in front of you, please, three lines down you say that you believe the personal ambition of Terry - sorry, I'll wait until you've got that. You can see that?

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COMMISSIONER: 62?

MS NICHOLAS: 52.

COMMISSIONER: 52.

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MS NICHOLAS: You'll see three lines down, you say you believe the personal ambition of Terry is getting in the way of a good result for the review for CorpTech?---Yes, correct.

And you communicated that to Mr Waite in that phone call? ---I'm not sure if I actually put it in those terms but - - -

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COMMISSIONER: As best you can recall, what was the effect of what you said?---The effect of what I said was that Terry is getting quite demanding at times, has been demanding a rate at different times, and he is talking about the prospective rates and opportunities for ongoing work, and I advised Mr Waite that he should be trying to moderate any impression he gives for ongoing roles for Mr Burns and for any ongoing extensions of this work to avoid creating undue pressure in trying to engage Mr Burns any further - undue rate pressure, that is.

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MS NICHOLAS: What was Mr Waite's response?---He accepted my advice and took it on notice.

Can I take you then to paragraph 54 of your statement, please? Now, you may have already dealt with this, but you say at the beginning of that paragraph that Terry's interest was focused around ongoing engagement?---Yes.

You felt that was unusual and inappropriate?---Yeah.

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Why is that the case?---As I said, for a five-week engagement, then we would expect, you know, once the rates are agreed for that piece of engagement, that they should be - that conversation topic should be put aside. They weren't completely put aside. I think it did settle down. I think largely it settled down because he wasn't getting a particularly receptive audience from me about that type of discussion, but of course subsequently to that engagement of course we had similar stories, you know, into June and so forth; yeah.

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Did you communicate that concern to Terry Burns, you're supervising him?---I believe so, yes.

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What was his reaction?---I can't recall. He - Mr Burns isn't particularly good at taking advice, I'd suggest, so he - most matters of direction about the way that engagement was conducted was somewhat challenging because it would either be dismissed or it would be agreed to but then there would need to be some follow-up action to ensure that it was followed through on.

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Did you have regular meetings with Mr Burns during that five-week period?---Yes, I did, yeah.

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How regularly would you meet?---I can't recall. Certainly the last two weeks of that five-week engagement I was overseas, and CorpTech and Mr Waite were aware of that, of course. That was one of the challenges. It was the intention of me doing that review personally but that was one reason I was unable to. So I had phone calls during that time and - but it would be, yeah, a number of times a week that I would have seen Mr Burns through that first three weeks.

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Now, I suppose on the issue of your ongoing dialogue with Mr Burns, can I take you to paragraph 55 of your statement, please, where you say Terry Burns from the outset was somewhat secretive about the work he was doing and reluctant to share information?---Yes.

Now, what information were you seeking from him that he wouldn't give to you?---We were - in a normal course of conducting an assignment like this, there would be various information that would be gathered, analytical view points put together and, yeah, draft reports, for instance, starting to circulate, and we had increasing levels of difficulty getting him to provide information coming back out. Yeah.

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When you say "we" there - - -?---Well, myself - I had two other team members, as you know, and they made contributions but I don't believe they got much from him, either. It wasn't their role to be getting things but it was something I sought because I was trying to make an assessment of this file and get an understanding of how he was performing, so I was seeking input from them.

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Now, you mentioned earlier that you took a holiday at the end of that - - -?---I did.

- - - five-week period. That's the holiday to Hawaii, was it?---It was, yes.

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And is it right that coincides with the time that the final report is due?---Largely, yes. I think the - the report was due on the 31st; I think I landed back in on the 30th, from memory.

Now, did you stay in contact with Mr Burns during the time you were away?---Correct. 1

And how did you maintain contact with him?---Via phone and email.

Yes. Do you recall calling Mr Burns and asking to see a copy of the draft report?---I did, yes, that's right, I did ask him. 10

Do you recall when that took place, that report?---I think it was around 20 May.

So the purpose of that call, was that to ask to see a copy of the draft report?---Yes. It was to ascertain updates, have a conversation on status, and then start again trying to make sure I can get as much information as possible, including a draft report, which should have been due by then. 20

Okay. What was his response when you asked to see a copy of the report?---He told me he wasn't authorised to provide a copy of the draft report to him. 20

And why wasn't he authorised?---He stated that he had instructions from Gerard Bradley, the under-treasurer, that the reports and recommendation is not to be shared with anyone outside of a steering committee that had been formed and himself. 30

Were you aware of that directive before that call?---No, not at all. 30

Now, is it the case that report could have had some legitimate confidentiality that attached to it? ---Potentially.

Potentially?---Yeah.

Now, did you follow up on that, did you - - -?---I did, yes. 40

Did you ask to speak to Mr Bradley, if he was taking - - -? ---I didn't ask to speak to Mr Bradley; it was the steering committee which I escalated to initially, so initially to Mr Waite, and I called Mr Waite, and both Mr Waite and then subsequently Barbara Perrott were not aware of this direction, and we discussed any potential confidentiality issues in relation to what you referred to there where perhaps if there was commercially sensitive information in there, which they may not want going outside their organisation, this was something that was quite common, so, for instance, David Ekert was privy to various commercially sensitive information from time to time and we had an operating agreement with CorpTech around how he dealt with those. So Mr Waite agreed to take this to the steering 50

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committee and seek clarification. In parallel with that, I sought to write a letter to Mr Waite and also to Ms Perrott confirming the confidentiality provisions that we believed that Mr Burns should be operating under. They're consistent with their operating arrangements and provided that letter.

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You mentioned David Ekert. So you had experienced before where you had a contractor within CorpTech who was - - -? ---Yes.

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- - - working on something that they couldn't show you because of confidentially attached to it?---Absolutely, yes.

But you weren't aware of that particular report containing confidential information?---No, I was not aware; no.

Were you surprised that Mr Burns was communicating directly with the under-treasurer - - -?---Very.

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- - - and taking instructions from him?---Very surprised, yeah.

Were you aware before that phone call that he was taking instructions from the under-treasurer?---No, not at all.

Now, you were supervising at the time - - -?---Yes.

- - - but you didn't know that arrangement was in place? ---No, I wasn't aware.

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Now, can I take you, please, to volume 22?---Yes. 1

If you go, when you have got that, to tab 29, please, and it's page 15 behind that tab.

THE COMMISSIONER: What page, Ms Nicholas?

MS NICHOLAS: Page 15 behind tab 29.

Have you got that?---Yes. 10

So without mentioning specific figures, that appears to be an Information Professionals invoice?---Correct, yes.

Addressed to Geoff Waite?---Yes, correct.

Under that, it's an invoice for the services of - the named consultant is Terry Burns?---Yes, that's correct.

What we see there, five days' build, for each of the weeks ending 4 May 2007, 11 May 2007, 18 May 2007 - - -?---Yes. 20

- - - 25 May 2007?---Correct.

Then if you go over the page, please, to 16, you will see there it's a similar invoice that was issued on 6 July 2007?---Yes.

And again, that's five days, Terry Burns for the week ending 1 June 2007?---Correct. 30

So from those invoices, are we to understand that certainly for the whole of May, Mr Burns is working on a full-time basis?---Yes.

Under the Information Professionals banner - - -?---That is correct, yes.

- - - into CorpTech?---Yes. 40

Could I then take you, please, to volume 1, and it's page 182, please?---Sorry, what was that page number?

182, please. It's behind tab 144.

THE COMMISSIONER: Mr Nicholls, was your company paid on those invoices?---Yes, correct.

There is no challenge to them?---No. 50

No. What page was that, sorry?

MS NICHOLAS: 182 behind tab 144?---One eighty - - - 182?---Yes.

So you will see there that's a Shared Services Initiative replanning record?---Yes. 1

It's date is May 2007?---Yes.

And the author of it is Terry Burns?---Correct.

Now, the commission has previously shown you a copy of this report?---Yes, you have, yes. 10

Is that the report that you were requesting to see a copy of when you were in Hawaii?---I would believe so, yes, although I would suspect if I was to see a copy, it may have looked a bit different to this but it would imply that we had some supervision over it which we didn't.

So prior to the commission showing you this document, you were never provided with a copy of the report?---No, never. That was the first time I saw it, when you showed me a few weeks ago. 20

And you never signed off on it?---No.

But that is certainly during the period that Mr Burns is working under the Information Professionals banner?---That is correct, yes.

Thank you. Could I then take you, please, to volume 27? It's page 230 within that volume, please. Have you got that?---Yes. 30

Could you read that email to yourself, please?---All right.

You have read that?---Yes.

Now, you will see that that's an email sent by Mr Bloomfield of IBM and the date on it is 2 May 2007? ---Mm.

Now, from those invoices that we have just seen, is it correct that that's one of the days that Mr Burns is working under the Information Professionals banner?---Yes. Exactly, yes. 40

And under your instruction or supervision?---Yes, exactly. Yes.

Can I ask, was it on your instruction that Mr Burns had that conversation with Mr Bloomfield?---No, absolutely not. No, we wouldn't have - I mean, this is - when I first saw this yesterday and I was concerned about this. Yes. 50

That's very early on in the five-week engagement?---It was in the first week and it's in the first week of our engagement, it's three weeks into his experience with

CorpTech, three weeks into his working life in Australia, I would suggest. 1

Okay. Were you aware that he was having those meetings?---No, not at all.

THE COMMISSIONER: You said that when you saw that email recently it was of concern to you. What was your concern? ---There was a number of concerns. It was an engagement of the sort that, well, we were supposed to have undertaken in that five-week period would suggest that there is really a number of different stages to that work so the first stage would be largely an information-gathering stage. The second stage might be an analytical or analysis stage looking at options, and the third stage is looking at how to create the forward momentum and the forward progress and the implementation plan, perhaps. The wording here suggests that there's a prescribed view about the way forward and this is on his first week onsite and it would be way too early to - even if it was appropriate to talk to a vendor and particularly an account manager on the vendor, there is no way in which a properly considered view could be formed about what that - what instructions were provided to that vendor at that stage, unless there was a pre-conceived view, I would suggest. That would be my - I mean, I have no idea how he could come up with a view about what a supplier could do within the first week of an engagement. 10 20

I was going to ask you, you mentioned before that the review that Mr Waite asked you to undertake, or asked your company to undertake, was really an overview of the planning of the Shared Services Solutions program and rescheduling it and so forth?---Yes. 30

Was there at that stage any mention of a prime - what has been called a prime contractor model; that is that a company be engaged to project manage the solution or program?---There was no specific instruction in that regard. There was always conversations about various supplier models that might work and various options being, I suppose, tossed around at different stages but it wasn't an explicit intent to pursue a prime contractor model at that stage, no. 40

You weren't asked? Were you asked by Mr Waite to look at that possibility?---I don't believe so, no. No, and the engagement was not so much about sourcing arrangements or what we would call sourcing arrangements, supplier engagement arrangements, it was more around replanning. 50

Replanning the CorpTech initiative?---Exactly, yes. Looking at the various priorities and constraints of government and how the implementation plan or the options for various implementation plans may look and at that

stage, it may have been appropriate to look at how one would engage from the marketplace in order to fulfill those plans, so to be engaging with the market at this early stage doesn't make any sense for me in terms of good practice.

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All right, thank you.

MS NICHOLAS: On that, you said it didn't make any sense but if you look at that email, first paragraph four lines down, Mr Burns indicates that he is looking for innovative and expansive thinking?---Yes.

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Is it not the case if you were looking for that sort of thinking that you would go and speak to external service providers and vendors and to canvas new ideas or build relationships?---Yes, that's quite possible, yes. Having said that, there's really two things that come into play with that question. One would be I'm not sure that Mr Burns would have been in a position to even know what the problem was at that stage, so going seeking solutions from suppliers is way too early. Secondly, there is a need to understand appropriate protocol with suppliers in the interests of the client and when it comes to government procurement policy and being fair to suppliers and also fair in terms of the interests and the public interests, then going and seeking input from suppliers in inappropriate ways isn't advised, and so this would be in that category, for sure.

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Can I ask: if a contractor was having a conversation like that with IBM in the course of their review - - -?---Yeah. 1

- - - would you expect them to also have that conversation with Accenture, in the case of CorpTech?---Look, I would expect them in the first part to actually consult with their - with me, initially, and then if he was to consult with me, I would have consulted - and I agree with the need to have a discussion with IBM, then I would have sought input from government stakeholders on the appropriateness of it. That may have led to us agreeing that if we're going to talk to IBM, then it would reasonable that we should also talk to Accenture, for instance. 10

Yes?---Okay? But we were certainly - it wouldn't be something that you would do lightly.

I suppose my question more simply put is: if you had the conversation with one - - -?---Yeah. 20

- - - would you expect to have it with others?---Perhaps, yeah. 20

Can I ask, that conversation as it's described on that email, to your understanding, was that within the scope of the five-week review that Mr Burns was engaged to do?---I don't believe so, no.

And Mr Bloomfield describes these conversations to be almost at the stage of coaching. Now, that's Mr Bloomfield's description, but whatever it was properly described, do you think, in your experience, that conversation would form part of a review of the five-week - - -?---Sorry, can you repeat that question? 30

Sure. Mr Bloomfield says that the conversations with Mr Burns to be almost at the stage of being coaching. Now, would you expect conversations that are described there to be part of the five-week review scope?---No, not conversations of that nature and not this early in the five-week review, certainly. 40

Okay. I might then take you to paragraph 58 of your statement, if I can, please.

COMMISSIONER: 58?

MS NICHOLAS: 58. You say there that, "It appeared as though Mr Burns was operating as a free agent, that he was increasingly dictating terms supposedly under the direction of Gerard Bradley, advising and directing others as he saw fit"?---Yeah. 50

And who was he directing?---Well, this view was formed both during his engagement with us and subsequently where he seemed to be directing those people within CorpTech, yes.

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So he was directing people within CorpTech?---Absolutely, yes. 1

All right. Did you think that was an unusual arrangement? ---Absolutely, yeah, and the extent of his direction and the - what I perceived as a lack of accountability, I suppose, for who he was accountable to.

Had you seen anything like it before, in your experience? ---No. 10

COMMISSIONER: Or since?---I haven't seen the, I suppose, aggressiveness at one point, the one I'm describing at - - -

I take it he's a man of aggressive confidence; I take it he's a man of self-confidence?---Yes, that would be one way of putting it; yeah.

How else would you describe it?---Look, I think there's a certain arrogance there about the way he operates. He's certainly not one that's easy to collaborate with, so he has a very fixed view and opinion about how he should - things should be conducted and the way he believes things should be conducted. That can be a good attribute in a program manager but it can also be somewhat dangerous. 20

MS NICHOLAS: Now, just going back to the report that you asked to see a copy of from Hawaii, when he wouldn't show you - Mr Burns wouldn't show you the report - - -?---Yes. 30

- - - did you consider terminating your contract with him? ---It probably wasn't at that stage. The behaviour was somewhat concerning but it wasn't termination - it wasn't (indistinct) termination. I had to assume at that point that there was some reality to what he was saying, he was operating under some direction which I hadn't been informed of, hence I followed up independently.

Did you ever consider withholding payment of his invoices? ---Some weeks later, yes. 40

And did you do that?---Yes, we did.

You did. For the whole period or for some of the period? ---No, the last week.

So you said you had concerns and you're supposed to be supervising, what did you do about it at that point?---I escalated to Geoff Waite; I escalated Barbara Perrott. 50

How did you do that?---By phone calls, and then also I sent them a letter, and Mr Burns also took upon himself to escalate to the steering committee and seek advice from them about their concerns of appraisal.

About the confidentiality issue?---Exactly.

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And what was the response from the steering committee?
---Silence.

Do you mean no response?---No response, no.

And so how was it left?---Probably hanging, is the word, so it was - I returned from overseas and at that stage Mr Burns was very hard to track down. Ms Perrott - - -

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Why was he hard to track down?---He was not around, he was not returning phone calls and Ms Perrott, I had difficulty getting to Ms Perrott's diary, into her sheet.

So did you seek a meeting with Barbara Perrott?---Yes, and - - -

Sorry, had she replaced Geoff Waite at the time?---I can't recall the exact timing but it was around that period from the end of May through into June when clearly Mr Waite was found himself losing influence and power, I suppose, is one way of putting it and then subsequently departed the organisation. So I can't recall the exact timing of events but certainly Mr Waite was not in a position to be able to influence strongly and he in fact said that in a subsequent conversation that I had, that he wouldn't be able to assist and suggested I talk to David Ford. So - and I think it was during that time that Mr Waite went on holidays as well and it was just prior to him resigning from CorpTech.

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You mentioned David Ford; did you ever attempt to raise it with Gerard Bradley, the under-treasurer?---No, I didn't.

Okay. So the five-week review comes to an end. Do you then largely disengage - - -?---Yes.

- - - Mr Burns?---Yes, that's right. I assumed that he went off; I was trying to find out what actually happened; was there a report produced; if it was, are we going to - had it been finalised; if it had been finalised, do we have obligations here? It was very unclear to me, and then at some point subsequently I discovered there had been a report produced and it had been accepted.

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Mr Burns continues to work for CorpTech though?---Yes, correct.

Do you know in what capacity did he contract directly with CorpTech, are you aware?---It came to our attention probably a week or two after he finished working with us or the schedule finished with us. It came to our attention when he was still on site at CorpTech and still there, and it was of some surprise. So I had my team follow up with him and I suppose somewhat practically requested time sheets for him to see how he would react, and it kind of

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proved to us that he was actually engaged up there, he was
working up there but he was not working for us and so we
then sought - we then started seeking some information.
I called Geoff Waite and I said to Mr Waite that I had
heard that Mr Burns had been engaged directly by Queensland
Treasury and I raised some issues in that regard, and
Mr Waite said he was unable to assist, and he suggested
that I call or get in contact with David Ford.

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Can I take you, please, to volume 32, if you've still got that? Again, it's page 22, behind tab 29. Have you got that? Now, that's a letter dated 27 September 2007?
---Sorry, I might have the wrong one.

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Page 22, behind tab 29.

COMMISSIONER: It's also attached to Mr Nicholls statement, isn't it?

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MS NICHOLAS: That's right?---Page 22, yes.

You've got that? Now, that's a letter dated 27 September 2007?---Correct, yes.

From you to David Ford?---Yes, correct.

Now, it's not signed, but did you send that letter?---Yes, that was sent, yes.

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And was that sent by email or - - -?---That was sent by post.

By post?---Yes.

COMMISSIONER: Did you sign the original?---Yes, that was signed.

MS NICHOLAS: Now, in that letter you say that it was your expectation that you would be supervising Terry's work and that you recruited him off the street?---Yes, correct.

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And then you say in the third paragraph, "Giving the circumstances of your assignment, including Geoff Waite's departure from the role, your planned supervision was enabled to occur"?---Yes, that's correct.

"As a result, you were not provided with any opportunity to supervise or review his work or assess his capability," and that the matter had been discussed with Geoff Waite and Barbara Perrott?---Yes.

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Then you say, "As such, the purpose of this letter is to advise you of your need to ensure that you make your own inquiries as you see fit to satisfy yourself with Terry Burns' suitability for any current or future roles?"
---Correct, yes.

"Please to not reply on any implied recommendation or endorsement due to his prior engagement by Information Professionals"?---Yes.

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Now, what was your intention in sending that letter?
---Two intentions: one was to request that they make their own independent assessments about Mr Burns' capability, and, secondly, to protect the interest and reputation of

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our business because we were getting increasingly concerned about Mr Burns' conduct and his capabilities. 1

Were you aware that letter is dated 27 September 2007?
---Yes.

An ITO was issued to the market on 15 September 2007, so it's during the evaluation process for that ITO. Did you receive a response to that letter?---I did, yes. 10

And if you turn over the page to page 23?---Yes.

And that's a letter dated 23 November 2007?---Yes.

So that's after the ITO evaluation has finished?---Yes.

It's a letter from David Ford to you. Is that the only response you received to your letter?---Correct.

Did you have any conversations with David Ford other than - - -?---No, I had conversations prior to the September letter, but I had no conversations after. 20

Thank you. Can I take you then to paragraph 79 of your statement, please? Now, Terry Burns recommends that a prime contractor be appointed, but you say at paragraph 79 of your statement that you didn't think that addressed the root cause of the challenges faced by CorpTech?---Yes.

Why was that?---The challenges was the complexity of the tasks that they had, that included the absence of knowing what the strategic objectives were. That in itself creates a lot of complexity for a program team. The number of varying stakeholders across government, the mere sort of size and scale of what they were embarking upon and their ability to manage that effectively: that was really where the main challenges were. It wasn't going to be solved automatically by the engagement of a prime contractor. 30

Did you observe CorpTech to be good managers of themselves? ---No, they did get better over the couple of years but, generally, no. 40

And did you observe them to be good managers of their contractors?---I don't believe they were getting best value out of their contractors, no, and so in that sense probably not.

Paragraph 80 of your statement, please, if I could take you there. You say that your view was that Terry Burns was insufficiently qualified to conduct the review independently and the follow on work that he conducted? ---Yes. 50

And then the final sentence in that paragraph, you say that, "He failed to demonstrate his ability to work

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professional, collaboratively and ethically"?---Correct, yes.

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Why do you say that?---His conduct during the five-week engagement initially - I suppose it was unclear. We were hoping that he would perform and we were concerned about - and I was concerned about some behavioural traits, but, you know, we didn't necessarily know the intent. And then once we found that a report was put forward under his name, he avoided us having any - he didn't assist us, at the very least, to have input into that report and then he broke the terms of his agreement with us and tried to avoid any level of accountability regarding it. That was an initial assessment that we made at that stage that ethically his performance is questionable. We certainly knew he lacked the ability to collaborate effectively with others, and then we continued to have some involvement with CorpTech and we were able to observe his performance and that strengthened our view about his lack of professional collaboration and ethical standards.

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David Ekert, you said earlier, is an Information Professionals contractor?---Yes, correct.

You're aware that David Ekert was supposed to play a role on the evaluation panel of the ITO?---Yes, I am aware.

Did he ultimately play that role?---No, he did not.

Why not?---I believe that he was called out quite - I don't know how to put it - I think if I remember David explaining it to me, somebody stood up in a meeting and effectively called across the meeting room that David Ekert shouldn't be involved.

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And why did that person, from your discussion with David Ekert, why did that person say that he shouldn't be involved?---Because of his association with Arena.

Was it a conflict of interest that was identified?---At least a perceived conflict of interest. I'm not sure that there is a conflict of interest there, but certainly a potential perceived conflict, yes.

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Okay. So David Ekert, as you understand, was conflicted because of his association with Arena?---Correct.

It's correct, isn't it, that Mr Burns continued after he finished with Information Professionals to contract through Arena?---Correct, yes.

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Do you consider that if Mr Ekert was conflicted out because of that association do you believe the same conflict would have existed for Mr Burns?---I would suggest it's a much greater conflict. Mr Ekert's only association with Arena was that we invoiced for Mr Ekert's services through Arena,

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that was the limit of Mr Ekert's involvement with Arena. Mr Burns was hired and seemed to be promoted internally by Arena, and directly hired by Arena, so any conflict of interest that would have applied to Ekert, if that was true, would have applied to a much greater extent I believe to Mr Burns.

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Thank you. That's the evidence-in-chief.

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THE COMMISSIONER: Yes, thank you. Mr MacSporran? 1

MR MACSPORRAN: Thank you, Mr Commissioner.

Mr Nicholls, your HR manager was the one who first told you about Mr Burns. Is that so?---Yes, correct.

And her job was routinely to identify talent for your use?---Yes, correct. 10

Do you know the process that she would have ordinarily adopted to do that?---Yes, she would have gone through a review of CVs, she may have looked at various qualifications, she may have reference checked and she would have interviewed, of course.

So you were hopeful when she came with his name, that Mr Burns' name, that she had identified someone who you would interested in using?---Yes, I think "hopeful" is probably too strong a word. I was certainly happy to - prior to meeting this guy. 20

Certainly, and you did that?---Mm.

Now, you respected that your HR manager would have looked at the CV?---Yes.

Did you get a CV from Terry Burns?---Yes, correct.

And that's what you used, I take it, to place on your letterhead to promote him to CorpTech when you engaged firstly in April 07?---Correct. 30

All right. You spoke to him to confirm that he was a prospect for you initially?---Yes, correct.

You spent some time going through his CV in detail? ---Correct.

You discussed with him his previous experience?---Yes. 40

Including the rather impressive Fonterra project in New Zealand?---Yes, correct.

Did you know about that project before you spoke to him about it?---I may have heard about it, I can't recall but it's likely that I did know about it at the time but not in much detail.

In any event, you were, is it fair to say, impressed with his qualifications and experience?---Yes, I was, yes. I thought he was appropriately skilled. 50

You also checked his referees?---Yes, we did.

You did that personally or do you have someone do it for you?---No, my HR manager did that. 1

And she reported back to you?---Yes, she had. She provided a written referee's report back to me.

So that's the background in respect of which you ultimately promoted him to CorpTech?---Yes.

And used him in that first snapshot review in April 07? ---Yes. 10

You took sufficient role in that project to understand Mr Burns' capability?---Yes.

In that limited timeframe?---Sorry, which - the snapshot review?

Yes, the first one?---To some degree, yes, I wasn't heavily involved. I also took the advice from others who were involved in that more strongly than I. 20

So again, you relied on your own observations - - -?---Yes.

- - - plus those who were involved to assess Terry Burns' capability?---Yes, correct.

Having done so, you were satisfied that he had the capability to be promoted further to ongoing work, should it arise with CorpTech?---Correct. 30

That's what happened?---Yes.

There was a further review in May 07. Just remind me again whether you had involvement in that?---Yes, I did; less so as that further review went on as previously described.

The arrangement was as you qualified his activity, you were going to supervise him?---Yes. 40

But you went on holiday to Hawaii during part of that process, did you?---Yes, I did.

So do I take it because you scheduled that trip, you didn't see the need to continually supervise him to be a large concern?---That trip was scheduled for some time prior, so it wasn't a trip that I just decided to schedule.

I understand?---It was already booked. I took it upon myself to maintain contact even while I was overseas, yes. 50

Can we accept then that you maintained that appointment going on your holiday?---Yes.

Feeling as you went comfortable you could supervise Mr Burns from Hawaii?---Yes, of course, yes.

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And you intended to do that by email and phone?---Yes, 1
certainly.

Which is what you did?---Yes.

So you were able to supervise him in that sense?---Well, as
much as he and the client would afford my ability to do so,
yes.

Now, in that context, your first concerns, as I understood 10
your evidence, was in respect of him promoting or thinking
about what rates he was going to charge for future work
should it arise?---Those conversations didn't take place
so much during the time when I was on holidays so we had -
we kind of settled that discussion point down, I think, by
then.

Before you left, you mean?---Yes.

Okay. But that was your first concern about him, that this 20
idea that he would be concentrating on future work and the
rates for that work?---Yes, it was.

Then the next concern while you were away was to do with
this confidentiality issue?---Yes, exactly.

Now, that developed to the point where you raised your
concerns with Geoff Waite and Barbara Perrott?---Correct.

About that issue, the confidentiality issue?---Yes. 30

You didn't put that concern in writing to them, or you did?
---Well, the concern itself wasn't in writing. What was
put in writing was an outline of confidentiality provisions
for how Terry should be conducting himself onsite.

You made - sorry?---So that was based on phone
conversations of agreeing how we would solve that problem
should there be a problem there, so I can't recall exactly
the series of phone calls but the initial phone call with 40
Mr Waite was he was unaware of this restriction that was
being provided on me seeing this material. Subsequent to
that, we agreed that there may be some validity for certain
types of commercial information so I had a letter written,
provided to Mr Waite and Ms Perrott providing instructions
on the confidentiality provisions that should apply. A
copy of that letter was also provided to Mr Burns for his
notice.

And referring to other usual arrangements in respect of 50
confidentiality that would apply?---Yes, exactly right.

Then your relationship with Mr Burns effectively broke down
completely. Is that a fair summary?---Well, yes, pretty
well. It was through June that it was clear that he

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continued to work up there, we couldn't work with him again and he confirmed that he broke his legal obligations to us. 1

And you discovered in that context that he had broken the arrangement with you - - -?---Yes.

- - - by contracting directly or engaged directly by CorpTech? ---Correct, yes.

Something that you had suspicions about but didn't have confirmed until some time later?---Exactly, yes. 10

That's the context in which your relationship with him broke down entirely?---Yes, it is, yes.

That was about June, was it?---Yes. June, yes. That was through June and it was ultimately on a meeting around about 20 June, I believe, where I met with Mr Burns and he was completely dismissive of any concerns we had. 20

Taking on board that timing, it seems that you didn't - you knew at that stage, I should add, that he was continuing to work for CorpTech?---Mm, yes, we did.

Did you know the nature of the work he was doing?---No, we weren't aware.

Not even in a general sense?---Well, it would likely be some form of continuation of our planning work one would assume but we weren't involved. 30

But you knew it was significant projects?---Absolutely, yes, and it was clear that he had significant level of influence within the organization.

It seems, however, that you don't, or didn't, put your concerns in writing again until 27 September 2007?---Yes.

Was there a significance of that date?---No, not at all. Look, I believe there is some email correspondence that happened through June and there was certainly conversations that happened through June and July when I raised our concerns about ethical values and other things in terms of conduct of Mr Burns. I assumed at the time that Mr Burns' role at CorpTech would be fairly short-lived. I thought that he would be moving on fairly quickly. I continued to be surprised with how much influence and power he continued to gain and prominence he was getting and that's where I had the meeting that is in my statement, I had a number of meetings at that time with some senior business colleagues because I was getting increasingly concerned with the direction that Queensland Treasury were taking under Mr Burns' guidance. 40 50

This was all in the lead up to your letter of 27 September? ---It is, yes, correct.

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If you look at that letter - do you have that with you still? I think volume 32 page 22?---Yes. 1

THE COMMISSIONER: It's attached to Mr Nicholl's statement, I think.

MR MACSPORRAN: Annexed, yes. I'm sorry, D, is it?

MS NICHOLAS: B. 10

MR MACSPORRAN: B; B, yes.

You said in the first line, you refer there to as per my recent email?---Yes.

So you seem to have sent an email reasonably close in time to this letter?---Yes, that's right.

And that was to Mr Ford as well, was it?---Yes, correct. 20

Did you raise similar concerns you've documented in this letter?---Yes.

Again, in this letter you refer to the inability to supervise Mr Burns?---Yes, correct.

What particular period were you referring to the letter that you've been unable to (indistinct)?---Well, I didn't make a specific reference in the letter but it was for under the general five-week engagement that we performed in May. 30

All right. Thank you.

COMMISSIONER: Mr Doyle?

MR DOYLE: Mr Cregan will examine this witness.

MR CREGAN: Mr Nicholls, just a few matters. Can I ask you to take up your statement, please, at paragraph 36? You say there that you recall Terry Burns had worked with Fonterra and that was with IBM?---Yes. 40

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You don't mean to suggest that he was employed by IBM, do you?---I don't say that he was - yes, I say that project was an SAP project with IBM, yes.

1

So you're aware there were other vendors there?---No, I'm not aware what other vendors were there, no.

You weren't aware that SAP were there?---Well, no doubt they would have been as it was an SAP project, yes.

10

EDS?---Not aware.

SYSTOC? Accenture?---No.

All right. Can I ask you to take up then volume 32, tab 29?

COMMISSIONER: Do you have it there?---Yep, I do.

And the page?

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MR CREGAN: Sorry, it's tab 29, page 1. Your CV or the CV of Mr Burns (indistinct)?---Correct.

Right. And so at page 2, the very last line of that page, "We had a large team of Fonterra vendor personnel, including Cavendish, IBM, Capgemini, EDS, SAP and SYSTOC? ---Correct.

So you would have been aware at the time that - - -?---I have no doubt, yes.

30

Now, you mentioned also in this document that he was at IBM?---Mm.

Can I ask you to turn to page 6?---Mm.

Is that the period you're referring to at the bottom, 1974 to 1980?---Sorry, what period am I referring to, supposedly?

40

In relation to his work with IBM previously?---When did I - when I spoke - - -

When Ms Nicholas was speaking to you before, she asked if you've worked with IBM, have received IBM management awards. I'm asking if this is the period you mean?---Well, presumably, yes, that's right. Yeah.

Right. Are you aware of the circumstances he left IBM? Did you ever discuss it with him?---No.

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Do you know if he was asked to leave?---No. Look, it was sometime ago, admittedly, and his more recent assignments were of more interest.

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Now, just a few things about the state of CorpTech between 05 and 2007, it was over budget at the time?---I can't say whether that was true or not because I wasn't privy to those numbers.

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You didn't take part in a review that Arena suggested it was going to be over budget?---I did take part, yes, but I never saw financial reports from CorpTech saying, "Well, they're unable to say."

10

Right. But it wasn't one of the slides that Arena presented as part of their report?---Yes, I believe it may have been, yeah, and there was always (indistinct) information but I was - I never saw reporting about financials.

Okay. Well, can I ask you to take up volume 1, at page 165? So is that a program budget was going to be exceeded?---Yes.

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The current burn rate was very high?---Yes.

So you're aware that the CorpTech budget was going to be exceeded?---Well, the question you asked, was I aware if the program was over budget, this says the program budget will be exceeded, suggesting - - -

You were aware the program was going to be over budget? ---Well, yes, in that case, yeah.

30

I see. Are you aware by 2007 only the Department of Housing had been deployed?---For HR, yes, that's right.

And the process that was being followed was going from department to department?---Exactly, yes.

And so would you say that as part of the process, getting a global view of all requirements would have been an important task to undertake?---Absolutely, yeah.

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And that one of the problems at the time was that this task hadn't been undertaken?---That's not quite accurate. I mean, there was a level of understanding of the global requirements and I think it was referred to as a standard offering, and there was an understanding of what - a figure referred to as a (indistinct) of differences that each departmental needs have with that standard offering.

All right?---So there was a level of understanding, there would need to be. I think the question would be the level of granularity of that understanding.

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But because there wasn't particularly granular understanding, that's where scope cred was sort of coming into the project?---That is one aspect in which scope

increase can occur. There's multiple reasons why scope increase can occur in a program of this type and that is one area, if there's a lack of scope definition up front.

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All right. And that was the case here?---For some degree, that was one of the cases, yeah. It was not the only case.

Okay. In essence, by 2007 the project was in trouble, it's fair to say?---Well, it's an emotive term, so it was certainly under - was certainly under some pressure to deliver, but that had been the case for most of its life.

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Now, Ms Nicholas took you to a letter, if I could ask you to be taken to volume 27, page 230. You said when you were speaking to Ms Nicholas - - -?---Can I have the page number again?

230. It's the letter from the board that Ms Nicholas asked you to read.

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COMMISSIONER: It's an email?---Oh, the email, yes. Okay.

MR CREGAN: Now, for that email, you were saying before that Terry Burns was only about one week in at this time? ---Yes, correct.

So he wouldn't have known what the problems were, is what you said to Ms Nicholas before?---Yeah, not in detail, I don't believe; yeah.

30

All right. And so he would be going around speaking to people as part of his engagement?---Yes.

Part of it would be information gathering?---Yes, correct.

He would speak to staff at CorpTech - - -?---Yeah.

- - - the contractors at CorpTech?---Yes.

Executives at CorpTech?---Yes.

40

Right. You talked to vendors?---He would need to be cautious about how he talks to vendors.

But there was no procurement suggested any time around May, was there, that you're aware of?---No, there wasn't, but I think it would always be something to be cautious of in government, if you know the way government works.

All right. But to go and get an understanding from different suppliers as to what they were able to deliver would be within the scope of the information gathering you described before?---Yes, of course; yeah. To be - so I'm not misinterpreted here though, that email doesn't read in that sense, it doesn't read as soliciting information from

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IBM. It seems to be more guiding information the other way. 1

All right. Now, as for this email, are you aware of the term "coaching" having a specific meaning inside of IBM? ---No.

You're not aware if it has, it refers to someone who actually provides information back and forward in a formal sense on bids?---I don't know what the IBM term or definition of coaching is, no, if they have one. 10

I understand.

COMMISSIONER: What is it, coaching? Means what?

MR CREGAN: That it has a specific meaning inside of IBM as a specific definition of supplied.

COMMISSIONER: What's the meaning? 20

MR CREGAN: We can put some material before you, Mr Commissioner, about this. We have actually provided a statement about it in Mr Bloomfield's statements provided yesterday. So but in a sense, in reviews, you'd be having conversations with everyone you could, is the point?---You would have conversations with a defined stakeholder group and that defined stakeholder group, I can't recall it including vendors. 30

But you said before, "We'd speak to contractors," so those would be vendors who were deployed inside of CorpTech? ---Exactly, those in a delivery sense, yes. Yes, I think those in an account management or sales or a business development sense, I think that would be another question as to whether it would be appropriate.

I see. All right. Thank you.

COMMISSIONER: Ms Nicholas, anything in re-examination? 40

MS NICHOLAS: Nothing in re-examination of Mr Nicholls. Could Mr Nicholls be excused?

COMMISSIONER: Yes, of course. Mr Nicholls, thank you for your assistance. You're free to go?---Thank you.

WITNESS WITHDREW

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MS NICHOLAS: I call Robert Mander.

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MANDER, ROBERT sworn:

MS NICHOLAS: Could you give your full name to the commission, please?---Robert King Mander.

And, Mr Mander, have you provided a statement to the commission?---I have.

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Could you look at this document, please?---Thank you.

Do you recall the date on which you signed that statement?---I do, yes.

And what is that date?---The date is 11 March.

Are the contents of that statement true and correct to the best of your knowledge and belief?---Yes.

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I tender that statement, Mr Commissioner.

COMMISSIONER: Yes, Mr Mander's statement is exhibit 25.

ADMITTED AND MARKED: "EXHIBIT 25"

MS NICHOLAS: Thank you. You're currently employed as the senior responsible officer in the Department of Community Safety. Is that correct?---That's correct.

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And you're a long time public servant?---Correct.

And you commenced in payroll in Queensland Health in 1985?---That's correct.

Is it correct that at the end of 2005 you became the director of HR of the shared services initiative?---The shared services in the Department of Education.

In the Department of Education?---Correct.

40

Thank you. In 2005, were you involved in the tender and evaluation of the software selection for SAP for CorpTech?---Yes, I was.

And that was a formal tender process?---Correct.

Do you recall was it an open or closed tender process?---No, I don't recall.

50

And you sat on the evaluation panel?---One of the subpanels for that selection, yes.

And on that subpanel did you carry out scoring which was then collated into a final score?---Yes.

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So you certainly have been experienced, in that instance, in government tender processes?---Correct. 1

Have you sat on other evaluation panels?---Yes, but very minor with regard to this.

For our purposes I'll take you to 2007, when CorpTech proceeds to a tender process for the appointment of a prime contractor by way of an invitation to offer. Now, could I take you, please, to paragraphs 21 and 22 of your statement? 21 is a heading, but you say you don't recall exactly how you became involved in the process "but I presume all agencies had to commit resources, and you talk about in 21 the heading An Evaluation. When you speak in evaluation there, is that the ITO that you're referring to? ---Correct, yes. 10

Do you recall that ITO process, was it preceded by a request for information or a request for proposal?---Look, I don't know what preceded that. My understanding was that the departments themselves only became involved in the ITO process. 20

So you certainly didn't play any role in a request for information or a request for proposal process?---No.

Did you receive either responses that came into the request for proposal?---Yes.

You did?---Yes. 30

Did you read them in full?---We focused on the particular group that we were working on.

Now, in any event, the invitation to offer is issued to market on 15 September 2007, and you're asked to play a role on the evaluation panel. Is that correct?---Yes.

Who asked you to play that role?---My recollection would have been my superior, Stan Sielaff. 40

And did you have any involvement in drafting the ITO that was issued to market?---No.

You read it, though? Did you read the ITO that went to market?---From an evaluation perspective, yes.

Now, you were appointed to a subteam?---Correct.

Which subteam was that?---Business and functionality. 50

Business and functionality. Who was your team leader? ---Darren Bond.

And who else sat on that team?---Sandra Beutel,
Kevin Millham, I think his name was, and there's one other,
I just can't recall who that may have been.

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Do you recall Mr Atzeni sitting on - - -?---That was the
name I was thinking, Damon Atzeni, correct, from Queensland
Health, yes.

Thank you. What did you understand your role in the
evaluation panel to be?---Okay, so we were to look at the
certain aspects of the tender process, so we were looking
at functionality across the different streams, HR, finance
and other SAP functionality. So our role was to review the
responses, there was some criteria that had already been
submitted for us to look at and to score the proposals
against each of those criteria.

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Did you receive a briefing when you were first appointed to
the evaluation panel?---Yes, we did.

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And who provided that briefing?---The briefings were
managed by Terry Burns.

Terry Burns, so he briefed you - - -?---Yes.

- - - or briefed your group?---We sat in altogether in a
large room.

COMMISSIONER: You mean all panel members together?
---That's my recollection, yes.

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MS NICHOLAS: What did you understand Mr Burns' role to
be throughout the evaluation process?---Mr Burns was, in
essence, leading the evaluation process.

Did Barbara Perrott ever provide a briefing to you about
the ITO?---No.

What did you observe Barbara Perrott's role to be
throughout

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the evaluation process?---My understanding, Barbara was the
head of CorpTech and CorpTech had a number of strings under
her leadership, so Barbara just have an overarching role as
head of CorpTech.

Okay. Now, do you recall a specific briefing on probity
issues?---Yes, there was a discussion about probity and
conflict of interests.

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And who was that discussion between?---There was a probity
individual, whose name I don't remember, but in that full
group.

Man or woman?---I really can't recall, sorry.

Now, were you ever asked to sign a conflict of interest declaration?---I believe I did, yes.

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You did. Do you recall who asked you to sign that declaration?---No, I don't.

Do you recall that Maree Blakeney's role was throughout the ITO process?---Maree, I think, was a bit of a go between us and the tenderers, so I think we went to Maree for responses to clarifications.

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Okay?---I think she was a procurement officer at the time.

Thank you?---She did have a role there, yes.

I'll take you to paragraph 35 of your statement, please. Now, you say there, "Terry Burns was leading the process along with his lieutenant, Shaurin Shah." Why did you describe Mr Shah as Mr Burns' lieutenant?---They were certainly a team, so I didn't know either those two individuals until, if it wasn't during that process, not long before and I actually had comment on what Shaurin Shah was because I hadn't met him. Being a long term public servant, I would have thought I would have known those individuals, so Terry was the lead but Shaurin was providing assistance to Terry in terms of group sessions.

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Okay. And what did you understand Mr Shah's role to be? 1
---It took me some time to clarify that, but, again, it
seemed to be assisting Terry in undertaking the evaluation
process.

Did you understand Terry Burns or Shaurin Shah to have an
evaluation role?---My recollection that they didn't
participate in individual evaluation teams.

Now, during the evaluation process, is it correct you 10
represented the Department of Education?---Correct.

Did you think that the Department of Education was well
represented throughout that process?---No.

And why not?---If you look at the make up of our team, I
think we had three CorpTech, one Queensland Health, one
Department of Education, so I don't think the departments
were represented and I think the rest of government was
fully represented. 20

Were you frustrated by that?---We'd been frustrated with
Shared Services for a long period of time, so that probably
just continued.

Is it correct that the Department of Education exited
Shared Services at some stage?---That's correct.

But you came back to participate in this evaluation?---Yes. 30
We exited post that process.

After the process. Thank you. Now, is it correct to say
that your team appraised the ITO responses against certain
evaluation criteria?---Correct.

Did you play a role in drafting the evaluation criteria?
---I don't recall but I wouldn't have thought so.

Do you know who did?---No. 40

Did Mr Burns sit in on any of your team's evaluations or
deliberations?---Not that I recall. We would go off and
find a little room for us to sit down and deliberate, so
generally they were just the team members undertaking that
deliberation.

And Mr Goddard didn't participate in your evaluations?
---No.

And Mr Shah?---No. 50

Who picked your team?---Who picked our team? I'm not sure.

Now, could you describe the functional and business, what
did the assessment of the functional and business
components involve, please?---Okay. So we were looking at

the responses from each of the tenderers around their ability to implement the suite of products that had been selected under the Shared Service Initiative, which was around functionality to meet some high-level requirements. It was also how they would implement that, their stakehold of engagement, change management, time lines, so there's a raft of things that we're looking at to assess each response comparatively.

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So you talk about a suite of products; SAP is one of those?
---Yes.

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And that came through the evaluation process - - -?
---Correct.

- - - that you participated in, in 2004. Now, in terms of the evaluation process, in general terms, could you talk us through it from beginning to end, please?---So there was a range of meetings, so we had that first meeting that we all sat down and we've spoken to about some probity but just process. We then settled into our teams and had a range of meetings about looking at the responses and scoring against those criteria. I would have thought we would have had three or four, maybe five sessions that we went through to score those. There was a number of issues that we sought clarification on and we came up with an end result, which was a collation of all the scores that we had put together.

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And did you score individually or as a team?---I believe we did score individually but it was a team score that we came up with at the end, yes.

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Going then to the specifics of the evaluation process, now, I might take you to paragraph 61 of your statement, if I could, please. Do you have that?---Yes.

You say, "From a group perspective, Accenture was in front," and you think the scoring was very close?---Yes.

Now, when was Accenture in front?---So we'd come together throughout the process and spoke as a broader team, and scores have been collated. As I said, it was very close but my recollection was that Accenture was slightly in front at that point in time but there was some clarification, some major clarifications that we were still seeking.

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I'll take you through the documents and the clarification shortly but I just want to look at some issues in your statement?---Yep.

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Paragraph 62, you talk of a challenge for the group because the group had worked with Accenture before. Now, is that because Accenture had been with the Shared Service Initiative in one capacity or another since 2005?
---Correct, yes.

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And you say that IBM were fresh in the game?---Mm'hm. 1

What do you mean by that?---Well, they hadn't been involved in that Shared Service Initiative as Accenture had been for that period of time.

So they were less entrenched than Accenture were at the time?---Yes.

Talking then to paragraph 73, which is at the bottom of the same page, please, you say you got the feeling that Accenture was not in favour and you got a sense in your team and amongst Education representatives that Accenture were not delivering. Now, when you talk about Accenture not being in favour, what do you mean? Is that in the ITO or in a broader sense?---Broader sense. 10

And not in favour with whom?---With me.

With you? You were displeased with Accenture?---I probably can't talk on behalf of others but a lot of money had been spent and from, again, from a whole of government perspective, we had some urgent need to move from Queensland Health from LATTICE, for example, and we weren't getting the traction that we would have thought entering into that Shared Services, and departments were putting a lot of money to fund the Shared Service Initiative. 20

And when you talk of them in that paragraph, that they weren't delivering, again, are you talking about in their ITO bid or in a broader sense?---No, in a broader sense. 30

And there was a feeling, you say, that they'd run their race, that's in the next paragraph at 74. Was that a belief that you held?---It certainly was just a personal opinion, yes.

When you refer at paragraph 75 to a broader government collective thought maybe it was time for a change - - -? ---Mm'hm. 40

- - - who are you referring to in that broader government collective?---That would have been more broadly Education than government, I would suspect, because we had people working within the Shared Service Initiative that reported to me.

Now, software selection, was that a key issue for your team?---It became a key issue, yes. 50

Do you recall that a key issue for your team was that IBM had indicated that Workbrain would be used as the award interpreter in lieu of SAP?---Yes, indeed, yes.

Now, in your experience, had you seen that done before? ---No.

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And what did you understand to be the advantages of using Workbrain in that way?---There was a presentation by IBM which indicated and I could probably use the word PowerPoint. It wasn't a system demonstration but it may not have been PowerPoint, but it was certainly just presentation, that using the award interpretation process in Workbrain would deliver significant time savings in development and significant time savings in deployment.

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Now, at paragraph 77 on that, you say that, "IBM were providing a better model and some hope going forward"? ---Yes.

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How was that the case?---Well, we again hadn't delivered in three or four years. I think we may have delivered a solution to Housing of 1300 employees, but IBM came up with a conceptual model, and I say it was conceptual, about a cost saving approach and one that would deliver a quicker result.

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Now, you make the point of it was a conceptual model? ---Yes.

Why do you say that?---I had not seen a working demonstration of that conception.

Now, as a team, do you recall having to turn your minds to the issue of whether Workbrain, if it was used in that way, whether it could be effectively interfaced with SAP?---Yes. Again, that was a conceptual approach that we were presented with.

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And you investigated that, did you, throughout the evaluation process?---My recollection was that we as an evaluation team were asked to draw on the proposal and then that presentation, which was a clarification in some ways and that we sought to have those more permanent people from CorpTech to go and view a site or sites to prove that demonstration.

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That it could work?---So I guess we - as reps came in and out of that process and when we finished scoring, I went back to my full-time role outside of that process.

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Now, when you talk about that presentation, is that the game-changer presentation that you refer to?---Yes, it is; yes.

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Do you recall when that presentation was?---When it was?

When it was?---During the evaluation process.

Okay. I might take you shortly through some documents that we have to see if we can identify exactly when that game changer presentation was. At paragraph 76 of your statement, you say that it was agreed that IBM would need to demonstrate that it was a working solution agreed by whom?---From our sub-evaluation panel group, we had asked that what had been demonstrated would be proven through site visits.

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So going then to the game changer presentation, what happened immediately after it?---Again, I think that was as part of a clarification process so it gave us a better understanding of what IBM were proposing, so as you do with that type of clarification, we went back and looked if the scores we had recently down was still apt for that - following that presentation.

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So you looked at your scores again?---Yes.

Was that of your own initiative or were you asked to do so? ---I think we came back together as a group and I think we were asked to - with that information that had been provided, we should review our scores.

30

Who asked you to do that?---I can't recall but it would have been Terry or Shaurin because they were leading those sessions.

Were Terry and Shaurin present in the game changer presentation?---I can't recall. There were quite a few people in that room but no, I'm not sure.

40

Were Terry or Shaurin present in when you regrouped after the presentation?---Yes, they were.

They were?---Yes.

Now, I have to test your memory; do you recall what was said, or if you can't recall the words, the effect of what was said when you were asked to review your scores or reconsider your scores?---Mm'hm. I thought it was a standard type of statement that we had seen something that had changed some of the thinking that we were trying to glean out of the proposal, so it seemed a natural course for me. I think we would have gone back - particularly our group which had a lot of interest out of that functionality scenario or Workbrain into SAP so to say were we asked to

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review our scores, I believe we were but I thought it was just a natural step following the clarification process. 1

Did that request, whether it came from Mr Burns or Mr Shah or someone else, did it give you any cause for concern at the time?---No.

Did you understand that you would continue to keep scoring after that, so was there to be a demonstration that the model could work?---Could you repeat that, sorry? 10

Of course. So you go back and you review your scores? ---Yes.

But do you understand that after that review, there is going to be a demonstration of the system working in real time?---We asked for that to happen, yes.

You asked for that to happen?---Yes.

Did it happen?---I cannot clarify that because again, at the end of that process of the conceptual model of the final scores, I went back to my full-time role and was not involved post that. 20

Now, you say at the end of the conceptual model, does that mean that you left the evaluation process before its conclusion?---I couldn't answer that because I'm not sure when it concluded, if it was at the point that we finalized our scores or if there was any other actions that occurred. I couldn't - - - 30

Say if we were to say 23 October 2007?---I'm afraid the date doesn't ring a bell for me.

To the best of your recollection, did you participate with the whole of the evaluation process?---No. Being a full-time employee elsewhere, there was a couple of meetings that I had to attend, a few phone calls I was taking in and out of that process but I would have thought I was in attendance most of the time. 40

Okay. Did you take instructions from Darrin Bond as part of that process?---As the evaluation lead?

As the team leader?---In terms of the work that we needed to do, yes.

What I would like to do is you have mentioned scoring and you have mentioned presentations and you have mentioned clarifications. Now, I would like to get you to have a look at some documents and I'm going to step you through what we understand to be the evaluation for your time. What I would like to do, if we can, is sort of trace the evaluation of your team scoring and as we're doing that, if you could just keep in your mind if we can identify when 50

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that game changer presentation occurred, please. Could I take you first to the functional and business team assessment, and for that purpose could Mr Mander be shown volume 19, please? It's page 328.

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THE COMMISSIONER: Three twenty?

MS NICHOLAS: 328.

Have you got that?---I have.

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So you can see in the middle of page 328 under Vendor Aggregate Score, Accenture is ahead at 3.16. Can you see that?---Yes.

IBM is at 2.63?---Mm'hm.

Now, is that a significant difference in terms of scoring, even as a moderated score?---Yes.

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Then underneath that, you will see that there is comments under recommendation and under the justification for subcategory 1, you will see that Accenture have strong methodologies around scope management and approach to scope delivery. Do you see that?---Mm'hm.

It says Accenture proposal implies that scope may be constrained, over the page, and it's identifying Accenture is having a number of these strengths. Now, in contrast, can you see at the top of the next page which is 329, it says that the IBM approach is potentially very high risk? ---Yes.

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Now, can you recall when at that stage, the Accenture approach was determined to be high risk?---Accenture or IBM?

THE COMMISSIONER: IBM.

MS NICHOLAS: I'm sorry. IBM?---IBM. For us, I think it was about the proof, so we needed to understand that award interpretation in Workbrain into SAP was valid.

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So your understanding is that comment goes to the issue of Workbrain?---Correct.

Thank you. Could I take you then to page 326 in the same volume, please?---326?

326, please. Now, these scoring sheets are not dated and they are not signed so we can't be certain exactly when this scoring occurred but what you can see, again if you look under Vendor Aggregate Score, is that the scoring has changed so that Accenture is now at 3.05 and IBM is at 3.15. Do you see that?---Yes.

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And in the recommendation commentary that follows underneath, you will see that the primary change is that instead of Accenture being in a positive position, the wording has changed to both IBM and Accenture have strong methodologies?---Yes.

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And you'll see further on that it now says that, "Instead of Accenture, IBM demonstrates a strong understanding of the program"?---Yes.

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So comparing the previous version, it seems that there's been a straight change from Accenture demonstrating a strong understanding to IBM demonstrating a strong understanding. Now, can you recall how that change occurred or what might have happened between those two scorings?---The presentation I presume would have happened between these two, so the clarification of their model of Workbrain into SAP. That presentation also mitigated a very high risk for government around the Queensland Health payroll at that point in time, so their demonstration I think provided some sounder approaches to delivering some of the high risk scenarios for Queensland government.

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You say that it mitigated the risk?---Yes.

How did it do that?---In terms of the time frame associated with deploying their solution to Queensland Health.

So it was quicker?---Quicker, yes.

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And that seemed to be a big advantage?---Correct.

On that point - - -

COMMISSIONER: Ms Nicholas, can I just ask a question? Mr Mander, what was the high risk you identified earlier on, well, I assume it's earlier on, in the first document Ms Nicholas took you to. You said the IBM approach was potentially very high risk. You said that considered to use Workbrain and SAP, what was the risk you saw there? ---Well, doing that on a paper based assessment is quite challenging, so it didn't really give us any comfort around - - -

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I'm not being critical; I just want to know what the risk was that you saw?---No, the risk - it was the Workbrain into SAP.

It wouldn't work?---It hadn't been proven.

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All right. And when you had the presentation that was still the case, wasn't it, the Workbrain working with SAP hadn't been proven?---I believe so, yes, hadn't been proven.

So what changed your assessment of the risk?---The presentation, you know, certainly had some very sound basis to the integration that they spoke to. So there was some very good principles around how to direct - - -

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You mean it was a convincing discussion of the theory of the integration?---Very convincing, yes.

Am I right in saying it was a discussion about the how, in theory, the two systems could work together?---Still very conceptual, yes.

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All right. And you say that if it had worked then you'd get, or the government would get, the implementation of such things as the LATTICE payroll system approached earlier?---That was part of the presentation, yes, so I couldn't prove that if it work that would still have occurred but they presented that it would have provided lower cost and speedier deployment, yes.

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On the postulation that the theory was right?---Correct, yes.

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MS NICHOLAS: So on that point, you'll see at the top of page 327, under the comment it says, "IBM's approach to awards configuration in Workbrain appears to provide a suitable alternative that should generate savings in both the implementation and support effort"?---Yes.

"This has been demonstrated by reference sites, however, there's still some concern that these do not reflect our complexity and size." What are the reference sites that you're referring to there?---I didn't see any reference sites.

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When you speak of reference sites - - -?---Yes.

- - - what does that involve?---A working integrated solution that you can view and talk to the customer about their experiences with that particular solution.

Sorry, it says there, "This has demonstrated by reference sites"?---I can't - I wasn't involved in any reviewing of reference sites so I can't comment if that's factual or not.

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You certainly never saw that?---No.

You were never taken to that?---No.

And that "those reference sites, in any event, do not reflect scale, complexity and size." Is that talking - - -?---Again, without knowing what the reference sites were I can't comment.

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Again, as we discussed before, you'll see that the risk, the reference to IBM's risk has been removed?---Yes.

can I take you then, please, in the same volume to page 325, please? I think that is identical except you'll see at the bottom it's been signed certainly by Darren Bond, Sandra Beutel, Mr Millham. Your signature doesn't appear there?---That's slack, isn't it?

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Sorry?---No, I'm not sure why that is. I see that's the three CorpTech representatives, and Damon was from Queensland Health, and (indistinct) so I'm not sure why our signatures aren't on there.

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This document is attached to the final evaluation report? 1
---Yes.

Do you recall ever being asked to sign it?---there's a faint memory, yes, that there was a discussion and there was no reason that I wouldn't have signed it, no. It would have just been difficult to match diaries up to go and do that, I would have thought.

Do you recall who asked you to sign it?---I think it was actually Sandra Beutel. 10

I see. So what we have is the three CorpTech have signed it, but the people from other agencies, Damon Atzeni and you haven't signed it?---Correct.

All right. The other thing you'll notice is that those signatures occur in November, which is after the evaluation panel - - -?---Yes.

- - - concludes its process. Do you know why that occurred after the final evaluation had occurred?---Generally, there would be some time in finalising the reports that are crucial, and then the compiling of all those reports into a final overarching report, but I'm not sure why, that does seem quite a later date. 20

We touched briefly earlier on the issue of references. Could I take you, please, to volume 30, at page 1194? 30

COMMISSIONER: 1194?

MS NICHOLAS: 1194?---What page was that?

1194.

COMMISSIONER: If you go to tab 25.43, Mr Mander, it's a component of that?---Thank you.

MS NICHOLAS: You've got that?---Yes. 40

You'll see that is an email from Mr Bloomfield of IBM to Maree Blakeney, and it refers to a person in an organisation who we won't name, but confirmed that she will take your call and she's the project director for a particular organisation. That appears, on its face, to go to the issue of obtaining referees or references. Do you recall your team requiring references from IBM that Workbrain could be operated in the way that you were suggesting?---Did we ask for that to occur? 50

Yes?---Yes, we did.

You did?---Yes.

And is that one of those references?---I wasn't involved in the process that they undertook to look at reference sites. 1

Can I ask: if you were a member of the evaluation panel and references formed a part of improving your knowledge about this innovative solution, why were you not a part of this process?---My understanding was that we went through the process as required to evaluate the proposal as through the ITO, and any reference site checking was to be conducted by those parties working more broadly on the panel, the evaluation process. So we were never asked to be involved in those checks. 10

When you say "more broadly on the panel", those persons - - -?---I guess CorpTech had individuals whose role was to see the outcome of that process, where we had smaller roles to play in terms of our input.

Who would those persons be?---Darren Bond, Terry and Shaurin and Keith Goddard, there's a range of people, Maree Blakeney, you know, they were all involved in that procurement process. 20

Going back, you don't need it in front of you, but looking at that evaluation where you had previously, it says, "IBM's approach to awards configuration in Workbrain seems to provide a suitable alternative, and this has been demonstrated by reference sites." Now, you're a member of that evaluation panel?---Yes. 30

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Did you ask to see those reference sites, did you understand that you should have seen those reference sites?---I don't think, you know, even looking at that final document, that was actually presented to me. I can't recall that being provided in any subsequent discussion or any documents that I was asked to review.

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And I suppose was there a reason for your exclusion on that issue or was it simply that if your team was satisfied, then that was because their references that was satisfaction enough?---I think maybe an allowance that we were very busy people and we had other roles to undertake, and that particular process would be managed internally in CorpTech.

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I see. Okay. In that case, could you then turn to page 1198 in the same volume, please? You've got that? ---Yes.

Thanks. Now, that is a clarification request that was issued by your team. Is that correct?---I'm just reading the precursor to that.

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Do you see it may help at item 24. There's a mix of clarifications but that one specifically talks of CATS functionality to satisfy their project requirements and to Workbrain for their time and attendance, and rostering requirements?---Yes.

You see that. Now, clarifications of this nature, did you ever play a role in issuing them or drafting them, or - - -?---We would have been involved in seeking clarification. There's certainly - I would suggest we would have been part of drafting them as well, yes.

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And when you say "we", you mean the whole team?---The team, yes.

And was it the case that these questions generally were delivered to Ms Blakeney and they then be issued either to IBM or Accenture, or Logica as the case may be?---That's my recollection, yes.

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Thank you. Now, could you go then, please, in the same volume to page 1204? Have you got that?---Yes.

That's an email from Ms Blakeney to Mr Bloomfield and, again, it deals with the issue of reference sites. Now, I assume you had no involvement or awareness of this? ---That's correct.

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Can I then take you two pages over, to page 1206, please. You've got that?---Yes.

And that's an IBM response to clarification questions that's dated 11 October 2007 and then if I could take you, Mr Mander, to page 1216 within that document. You see that?---Yes.

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At item 16 and it talks about being unable to gather information from an organisation and providing alternative reference sites, specifically around the use of Workbrain. Now, that forms part of a broader clarification document? ---Mm'hm.

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Do you remember ever seeing that or discussing that amongst your team?---I can't recall, no.

And do you recall your team ever ringing referees or discussing referees or you had no visibility around the issue of references at all?---I couldn't talk about all members of the team but certainly I had no part in - - -

You played no part in it?---No.

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Okay. Could I take you then to page 1453 in that volume, please? It's just behind tab 25.44?---Yes.

Got that?---I have.

Thank you. Now, that is an email from Ms Blakeney to a group email address, presumably, IBM offerors, and you'll see midway down that page it refers to a 17 October 2007 product application mixed Workbrain conceptual model presentation?---Yes.

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See that? Do you recall attending that presentation? ---Yes.

And if you go then to page 1454, you'll see an agenda of sorts for that presentation and a number of topics to be addressed at that presentation. Do you see that?---Yes, I do.

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Now, from your recollection, is that the game changer presentation that you referred to?---Yes, it is.

It is. Do you recall who was present at that presentation? ---There was a range of people in that room from - I wouldn't have thought we had the full evaluation teams but I think there was a selection of people from that full evaluation process.

Do you recall Terry Burns being present at that presentation?---Not specifically, no.

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Not specifically. Shaurin Shah?---Again, not specifically.

Okay. Now, can I ask - so it's correct to say that as a result of that presentation you were asked to review your scores?---Yes.

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You've spoken of a conceptual process. Can I ask, to your knowledge, was it ever demonstrated through the conceptual process, at least, that the innovative idea of having the awards function on Workbrain interfacing with SAP worked? ---Conceptually, yes.

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Conceptually, yes. Now, again, after that presentation that we have there, we may have touched on it earlier, but what was it that swayed you to review your score? Was it the speed of delivery?---The speed of development as well, so it wasn't just the delivery. So the speed of the process to develop the award conditions, which for government are rather complex, and then the speed of deployment is a very important issue.

Okay?---But also there was - I mean, they spoke about the quality. There was discussions about it was efficient, but the cost and time were probably two very important considerations.

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Could I take you - - -

COMMISSIONER: Was it cheaper because it's faster? ---Cheaper because - yes, because of the man hours to develop and man hours to deploy would have been somewhat less than the other proposal, yes.

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MS NICHOLAS: Could I take you, please, to paragraph 86 of your statement, please? Got that? Actually, I might step back. You say just above it at paragraph 83, "Prior to the presentation," you thought Accenture was ahead?---Correct.

And that, "There was a caveat attached to make sure that IBM's proposed system worked." Now, when you talk about the caveat attached, who attached the caveat?---I think the caveat might be my terminology.

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Yes?---I would have suggested there would have been verbal statements made by the team to see that we could view that working in a live site. So there was no official caveat as such, no, not that I'm aware of.

So you talk about a live site. Was it your understanding that a site visit was to occur?---Yes, it was.

And was it your understanding that site visit was to occur before the evaluation was finalised?---It would make sense that we get proof of what we had seen conceptual, yes.

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Putting aside what makes sense - - -?---Yep.

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- - - was it your understanding that site visit was to occur before the final evaluation was signed off?---Yes.

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Did that site visit take place?---I can't - I don't know.

Did you ever attend a site visit?---I did not.

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Reading then together paragraphs 87 and 88 of your statement, you say you, "Would have expected after a demonstration that we would have all been brought back together. It would have been particularly important if the demonstration had been a failure." Then going on, "Unless this occurred, the process was flawed"?---Yes.

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Now, you weren't present for a demonstration of that nature, were you?---No.

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Do you know if the other team members had a demonstration of that nature?---No, I do not know.

On that assessment, do you consider that the process flawed?---Yes, I do.

You do?---Yes.

Thank you. Is it the case though - were you aware that that issue of whether the system could work in the way it was said to by IBM, is it the case that it was decided that that would be dealt with contractually, that IBM would give a guarantee and that after they entered into the contract, that they would do an initial piece of work where they would prove the technical capability. Was that ever part of your discussions?---No. I had no involvement in any of the contractual discussions.

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So your understanding was at least that there would be a demonstration?---I would have thought it should have been part of the process. I would have thought at minimum that some representatives of that process, of Queensland Government, would have gone and viewed the conceptual model in operation.

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But as you say, you may have returned to your other job?---Yes.

And you certainly don't sign off on the final report, so that might change and it might have been dealt with in another way?---Correct.

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Thank you. That's the evidence-in-chief.

THE COMMISSIONER: Mr MacSporran?

MR MACSPORRAN: Thank you, Commissioner.

Mr Mander, just on that last point, the way that you speak about that proposal to have a demonstration, is that what you believe should have happened rather than what was discussed as going to happen? Do you understand the difference?---Yes. In terms of a site reference?

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Yes?---No, it was requested that that happen.

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THE COMMISSIONER: Requested by members of your panel? 1
---Of the team, yes.

MR MACSPORRAN: Mr Bond was your team leader?---Yes.

So is it your understanding that he requested something like that, or was it somebody else?---I can't recall specifically Darrin on either way there but it was a strong sense in our group that what had been suggested, as I said, changed the course of that evaluation from our team's perspective. 10

Yes?---So it needed to be seen and working.

And so you recommend your sub - - -?---My subgroup.

Your subgroup?---Yes.

Within the evaluation panel?---Yes. 20

Is that yourself, Mr Bond, Mr Atzeni?---Mm'hm.

And Mr Millman, I think you said?---Yes.

There may have been others but they are the ones that you know?---Correct.

So there was discussion amongst that group that before the evaluation process concluded, there should be some sort of site visit to make sure this innovative solution actually worked?---Yes, and I recall I think there was a wider sediment, you know, of that as well; it wasn't just that group. 30

Into the other subgroups on the evaluation panel?---I think as we would have seen the conceptual model, you know, there would have been discussion that sounds great but we need to see that happening in reality.

Now, just in terms of the timing of things, you didn't sign off on the evaluation report. It wasn't part of your role to do that but did you understand when the evaluation process had concluded, assuming you did because you then finished with that part of your role?---Yes. 40

In the sense that you were sitting around in the room and then at some point that process concluded?---My involvement concluded. Now, I can't categorically say that that was the end of the process, I'm afraid. Yes. 50

As at the conclusion of your involvement, you knew that there would be no site visit by your group or anyone else to your knowledge?---At that point in time, yes.

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Did you raise any concerns about that before you left the group?--My recollection is that that all happened virtually in an afternoon. The scoring was reviewed, we asked for site visits and my involvement concluded at that point in time.

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Now, does that mean - we seem to have pinpointed the date of the presentation to be 17 October. So is that the afternoon where you re-evaluated the scores and then you left?---I could only recall the date from those documents there so I couldn't actually categorically say - - -

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THE COMMISSIONER: It was 17 October?---Yes. So it's that presentation, yes, 17 October, that was - - -

MR MACSPORRAN: I think it's 1454.

THE COMMISSIONER: Yes. Mr MacSporran, I think, is asking you whether it was after that afternoon, after the presentation that you made the changes to the scores which we have seen?---It was soon after, you know. It was either that afternoon or the next morning. It was very soon after that we did that.

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MR MACSPORRAN: Now, the tenders closed on 8 - I think it was, so the evaluation process started some time after the 8th and concluded, I think, on the 23rd or thereabouts of October?---Mm'hm.

So that places this presentation somewhere roughly about the middle of that process. Is that your recollection? ---That would be correct. We did a full week before we then sought that kind of clarification.

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During that week, you had several meetings I think you told us?---Yes.

Amongst your subgroup as well as the other groups?---Yes.

During that period in respect of those meetings, did the scores change from time to time?---Yes, they did.

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At one point you say towards the end of this process before the presentation, Accenture were ahead but had there been fluctuation scores between Accenture and IBM before that point?---Certainly in our subgroup, yes. I can't recall about the broader group but there was a lot of discussion and investigations through the proposal so I would say that's a part and parcel of the process.

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Certainly. I'm not suggesting for a moment there is anything wrong with it?---Yes.

In fact, it's entirely appropriate that you would discuss issues amongst yourselves and then taking on board what

others had said, there would be changes in the scores during that discussion process before you might have arrived at a subgroup score?---Yes. 1

Okay. Throughout that whole period, that is through those meetings and those fluctuating scores and indeed the re-evaluation after the presentation, you took this role of yours on the evaluation panel seriously?---Yes.

And you gave your best endeavours to honestly evaluate each of these tenderers?---I wanted the best outcome for government, yes. 10

And when you ultimately scored IBM higher than Accenture, a large part of that was this approach by IBM in respect to the Workbrain solution?---Yes.

You don't know because you left the process what was done ultimately to ensure that that Workbrain solution was a viable solution?---Yes, I have no understanding of what reference site checks occurred. 20

You would have expected from what you discussed and what you had seen and how you had scored the tenderers, you would have expected something to have been done about that? ---And by some of those emails, it appears that there was at least some attempts to do so, yes.

All right. Can I ask you finally, do you have statement with you there again?---Yes, I do. 30

Can you go, please, to para 42 firstly. You see you talk there about the money that had been spent?---Yes.

Now what you say there, we don't take issue with. There is plenty evidence here that confirms what you say about that. What is your source of knowledge of those - the fact that you put it in there?---Well, I was very aware of the input of funds of the Department of Education so we were involved in ensuring that we could make budget with this additional money being funded to the Shared Services Initiative so it was the funding and we had people working on teams that were doing the previous process with Accenture so we had a fair bit of intelligence around both those issues. 40

So in a real sense, you had direct knowledge of the amount of money being spent, as it were, from access to the budgetary figures?---I definitely had an understanding of what our department's contribution was. 50

It was large?---It was large and you could extrapolate the size of our department to what our contribution would have been compared to the rest of government so some of that was speculation but certainly knew what we were putting in, yes.

All right. Can I take you then to para 73 where you talk about Accenture?---Yes. **1**

That sentiment that you expressed there about Accenture, was that related to the amount of money that you had spent earlier that you refer to in 42 in part?---Part of that, yes.

So Accenture had been involved for a significant period of time, had they not?---Yes. I get a bit confused when they talked about the prime contractor model because in essence I thought we were in one anyway. **10**

I see?---Because we had a very large partner at that point.

When you say a lot of money had been spent and nothing much had happened, Accenture had been involved in that process over that number of years?---I believe so.

Or part of the process?---Yes. From 2004, 2005 I believe they were involved, yes. **20**

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Was that one of the reasons why, in part at least, that Accenture, there was some skepticism generally about whether Accenture can deliver on a project you were assessing as part of this evaluation panel?---I don't think that came into the process. You know, the process looks at what the providers have on the table. Accenture - there was some issues around Accenture moving away from the products that were a part of the suite, so there was some - what Accenture had done previously, where they have very good knowledge of the initiative, they came up with some different approaches in terms of their proposal.

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I probably put that badly. What I was asking really was whether the sentiment you expressed in 73, para 73, is related to what you've said earlier in 42 about the money being spent and - - -?---Yes.

- - - the lack of results?---Yes.

All right. Thank you.

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COMMISSIONER: Yes. Mr Doyle.

MR DOYLE: Yes, thank you. Mr Mander, just on that theme, you described a degree of frustration with the way things had been done since at least 2005 up until 2007?---Yes.

And that was frustration, as far as you can tell, both within CorpTech and within the various departments? ---Couldn't really comment on CorpTech, but I met with the heads of HR from the other Shared Services providers representing the departments and that's correct.

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Okay. Because - - -?---A large amount of frustration.

Well, in terms of the ultimate users of this - - -? ---That's correct.

- - - system when it's to be rolled out - - -?---Yes.

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- - - there was a degree of frustration. Would that be to put it mildly?---There was a degree of frustration, yes.

All right. And that was in part because of the cost that you were being asked to meet, in part?---Mm'hm.

And the lack of progress towards meeting it?---Yes.

And also a lack of definition of what it is that you were getting?---There was a famous schedule 9, I don't know if it's been spoken about, which had all the time lines for each department and that was very well written, so - and never at one point in time could actually commit down a particular time line for any particular issues, so when we're an 80,000 person department, we've already deemed our

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system legacy, so we need to move and we couldn't get any certainty on that time line or where we even sat in the list of priorities in terms of departments. 1

All right. And you know, don't you, or at least you knew back then, that putting aside some smaller things, the finance component of the Shared Services roll-out was being dealt with by Logica. Did you know that? I'll finish the proposition - - -?---Okay. 10

- - - and you tell me, and the HR component and some other things was meant to be rolled out by Accenture?---Right. That makes sense, yes. I do believe that.

And you said a moment ago that you thought, in substance, you were in a prime contractor position for many years and the prime contractor that you had in mind is Accenture, at least with respect to HR issues?---Correct.

All right. And we'll come back to some detail of this later but would it be right to say that there was a plain desire, at least as far as the end users were concerned to have something done differently than the way it had been done in the years up to the middle of 2007?---Yes. 20

And that at least the departments and agencies from your knowledge wanted to be demonstrated was that something would be done differently?---Yes.

Otherwise, it would be that the whole roll-out would be a failure?---The intent of moving from - into a prime contractor as it was deemed at that time was to get a different moment occurring, yes. 30

And indeed to, if possible, pursue different methodologies to achieve the Shared Services implementation?---Yes.

To be told in substance that it's going to be the same as it's been before would have compounded frustration?---Yes. 40

All right. Would you turn, please, to paragraph 21 of your statement where, as I understand it, you commenced to deal with your involvement in the ITO? Is that how we should understand it?---Correct, yes.

All right. Then if you turn to paragraph 25, you say you can't recall - sorry, "I cannot recall if, as part of the process, whether a request for information, request for offer or request for proposal was issued." It's right to say you had no involvement in if those things occurred - - -?---That's correct. 50

- - - in whatever occurred?---And I guess that's probably the point I - I had no involvement of those, so it's logical it did happen but I wasn't involved, no.

When it came to your evaluation of the ITOs, did you look at any material that had been provided, if any, in response to these RFIs, RFOs and RFPs?---My recollection is that we only reviewed the response to the ITO.

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Right. Very good. Well, earlier in the day you were asked did you read the response to the - I think it was put RFO and do you mean the ITO?---As far as the final evaluation process.

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Very good?---Yes.

Now, I take it you did read the response to the ITOs? ---Yes.

There were three?---Yes.

We can ignore for the present purposes Logica?---Yes.

But you read it, I take it?---We evaluated it had no HR component.

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Right. Made it easier to evaluate?---It was.

You read the other two?---Yes.

Now, I'll get you to be shown a copy of the IBM response, which is in volume 14. I think it's in volume 14. Now, I've given you volume 14 - - -?---Yep.

30

- - - I asked you to be shown volume 14, which has, you'll see, a very thick document, which is the ITO response from IBM or at least part of it. Should we understand that you read all of that or is it all about excluding the financial information?---I don't recall looking at financial information.

You don't?---I don't recall looking at financial information. We did focus, though, on the particular sub-evaluation brief at that time that we were apart of.

40

Right. So that the process which you've explained broke up the bigger team into smaller teams?---Yes.

And you were allocated looking at functional operations. Is that right?---Correct.

And so you focused on the parts that - - -?---We only scored that part, yes.

50

- - - which you read. Those parts that related to function evaluation?---We referred - we did - so there was some connection to other parts of that, we were referred to those, but generally our focus was on the responses to our particular group.

All right. Now, I'll take you to some parts of this in a moment, but just so that we're clear, a decision had previously been made to use SAP for the HR implementation? ---That's correct.

1

And a decision had also been made some years earlier in 2005, I think, to use Workbrain for the rostering part of the HR implementation?---That's right.

Can you tell me, please, in order to perform those functions, was it necessary for Workbrain and SAP to be able to communicate with each other?---For a rostering agency, yes.

10

Okay. So a rostering agency which Queensland Health brought in?---Correct.

Was the Department of Education - - -?---No, it wasn't.

Okay. I might get you to explain what differentiates a rostering from a non-rostering department?---In Department of Education, 40,000 teachers - we call it (indistinct) so the work is standard - well, a teacher wouldn't say work is a standard 9.00 to 3.00 day, but their award stipulates that was, so - - -

20

COMMISSIONER: The hours are standard?---Pardon?

The hours are standard?---The hours are standard in their award.

30

MR DOYLE: Yes. Very good. So a rostering one is someone like where you have nurses working different shifts and - - -?---Changing rosters on a regular basis.

Very good?---Yes.

Now, let's just concentrate on the rostering agencies, then?---Yes.

40

Am I right to say that the decision had been made to use Workbrain for that some years ago, some years before? ---That's my understanding, yes.

And an element of that is to - I'm sorry, you were not involved in that decision?---I don't believe so, no.

50

But you understood that for that to operate Workbrain and SAP would need to communicate with each other?---That's a definite yes. 1

Okay, thank you. Now, Can we turn then to the ITO response that I've shown you, and I'd like you to go to page 473, please?---473?

Is it in that volume? No, it's not. I'll have to get you shown volume 15 then, I'm sorry?---Thank you. 473? 10

Yes, please?---Yes.

You should have that section which has a heading halfway down the page, "1, 2, 3 Architecture"?---Yes.

And then you'll see the next line 31, and there's a question or an instruction, "Describe something"?---Yes.

And you understand that the format of the ITO included at least asking the tenderers a series of questions to which they had to give responses in their ITO response?---Yes. 20

Refresh your memory if you need to, but just looking at what appears under that item 31 or question 31, is that one of the sections that you would have read for the purposes of your team's evaluation?---I can't recall the specific question, but the nature of the question, I suggest, was part of our evaluation, yes. 30

It's particularly concerned, as you've seen just by looking at it, with the use of Workbrain for the awards implementation component?---Yes.

And says things about it, so it's the kind of thing that you would have read back in 2007?---Yes.

And if you had any questions about it to ask for them to be clarified?---We would, yes. 40

Very good. Thank you. I'll ask you in respect of a different section, the same proposition, one of the sections you would have looked at. If you turn next to page 484, do you have a question 38?---Yes.

Just read that to yourself and, again, read what's under it and tell me if that's the kind of thing that your group would have been interested in?---Concurrency was a big topic in terms of a solution that hadn't been provided at that point in time. 50

COMMISSIONER: What does it mean in this context?
---Concurrent employment is when you have an individual who worked for the same organisation but undertakes two roles.

With two different pay rates?---Two different pay rates, particularly two different pay rates, yes. 1

MR DOYLE: All right. I'm wondering if we're looking at the same thing?---Sorry, I looked at that wrong, I thought it was concurrent employment. Yes, I did read that incorrectly.

COMMISSIONER: What's meant then in this context by "concurrent development"?---So they'd be looking at different running parallel streams of development work in terms of a speedier deployment. 10

It's really in department by department (indistinct) departments at once?---It doesn't need to be completely parallel but you can do different types of development at the same time, but it would still have agencies being implemented at different time frames.

MR DOYLE: Well, I'll come back to that in a moment. Is this a section that would have attracted your attention back in 2007?---I would have thought so, yes. 20

What in fact it's saying, can I suggest to you, is: instead of looking at doing one agency and then another and another in sequence, or broadly in sequence, IBM's proposing to forward plan more and to get the requirements of all the departments early on. It says that, doesn't it? It proposes to gather all agency requirements on engagement and then finalise scope for the baseline delivered service?---Yes. 30

So what it was proposing, good or bad, but what it was proposing was a different methodology of going about identifying the baseline shared services at the outset? ---Yes.

And you understood that to be what it was proposing - - -? ---Yes.

- - - to be new or at least a new idea and to be a good thing, if it was implemented?---There's some risk involved in that but it was a different approach, yes. 40

Okay. If you'd turn the page, please, we then have another section about halfway down the page headed "Award Configuration". Now, this in fact runs on for many pages, this question, up until page 491. But looking through it if you need to, it's plain, isn't it, that this is an area that your subteam were directly concerned to read and to assess?---Yes. 50

It's concerned with the use of Workbrain for the awards interpretation?---Correct, yes.

I'll just ask you this and tell me if you can or can't answer it. In terms of the capacity for Workbrain to interface with SAP, you know, don't you, that it can do that?---No. At this point in time?

1

Yes?---No, I didn't know that.

Are you able to comment upon the form in which data is exchanged between Workbrain and SAP?---Not at all.

10

Okay?---I'm a business rep not a technical rep.

I wanted to understand that?---Yes.

Is it right to say that when you evaluated the ITO responses back in 2007, at least in relation to the question of, "Can Workbrain communicate with SAP, interface with SAP," you believed it could do so for rostering but you were unsure whether it could do so for awards. Is that the position?---Could you repeat that question again?

20

In terms of any reservation you may have had about the capacity of the two systems to interface, to speak to each other, is it the case that you believed that they could do it for rostering purposes but you had some reservation as to whether they could do it for award purposes?---For the latter part of that question, we hadn't seen the award interpretation happen in Workbrain and I personally had not seen it do the interfacing for rostering as well.

30

So you may have had a question about its capacity to - - -? ---Correct.

- - - interface on either?---My position at that time would have been I needed to have some clarification on both.

Very good. Is that a convenient time?

COMMISSIONER: Yes. We'll adjourn until half past 2.

40

THE COMMISSION ADJOURNED AT 12.58 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.32 PM

1

COMMISSIONER: Yes?

MR DOYLE: Thank you.

Mr Mander, you'll need the ITO response document in front of you again?---15?

10

Volume 15. And I think we were at, or I'd like you to go anyway, to 485. This is an area that would have been the focus of your team's attention - - -?---Yes.

- - - in 2007, and you'll see at the very end of that page it says, "It's worth noting that many other organisations have successfully," and then there's obviously a word missing, but, used or implemented or something, "a similar best of breed approach for award interpretation, including under these named three organisations." All large, you'd imagine?---Yes.

20

Which would have rostering issues perhaps not as complex as Queensland Health but, you know, rostering issues nonetheless?---Yes.

Similar?---Yes.

And you understand from what you at least seen today that there was some further inquiries of references, and this is the company's name there, you would describe as references, people that you could go and ask about their system?---I can't comment on those individual organisations, but, yes, I would suggest similar organisations would have references.

30

But the kind of thing that you would be looking for as part of your evaluation process is the names of companies who have at least, if one party was contending, successfully implemented an awards interpretation regime using Workbrain?---Correct.

40

For the purposes of going and talking to them?---Correct.

Okay. Now, I wasn't proposing to take you through the rest of this but it's undoubtedly the case you gave close attention, that is, the parts relevant to your team back in 2007?---Yes.

50

The process was one by which if you had any requests for more information there were channels in place for those requests to be communicated to the tenderers?---Yes.

And they gave responses?---Correct.

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60

And you know that occurred in relation to both sets of ITO responses?---Yes. 1

And in relation to IBM, you know it occurred in relation to the topic of the use of Workbrain for award interpretation? ---Yes.

If you would go, please, to - sorry, I'll ask it this way: can you recall if you were provided with some contact details of references that you could approach? Even if you don't know whether they were approached, can you recall if that was done?---No. 10

Do you recall if you were given some journals or articles dealing with the use of Workbrain?---I don't recall.

But you do recall a presentation?---Yes, I do.

All right. If you can put that volume down, please, and I'd ask that you go to volume 30 now, page 1200. Sorry, 1206. As you can see from the front, this is a document which comes from IBM and it's relating to this project. It's dated 11 October, so it's within the period of the evaluation and it's got a title "Clarification Questions". If you just turn to the first sheet, you'll see the format is the statement of a question in a shaded box followed by an answer - - -?---Yes. 20

- - - beneath it. You can at least recall that was the format in which questions - - -?---Yes. 30

- - - were asked and provided in the course of - - -? ---That's correct.

- - - the process. If you turn to page 1216, I think you may have been taken to this earlier today, you'll see that there's been a request made for alternative reference sites, which understand to mean other companies who had been using the product?---Yes. 40

And there's some information given?---Yes.

Right. And your expectation is that there should have been at least some approach by a member of the team to these companies to ascertain their degree of satisfaction with the product?---Yes.

Okay. Now, can you recall reading this clarification information from IBM in the course of your evaluation?---I recall that Woolworths was discussed and that it was unable for that to be undertaken, but, no, I don't recall the other sites. 50

You're saying you didn't see it, just that you can't recall?---No, I can't recall.

In the same volume, please, would you turn to page 1440? Probably, I've put it in context, go back a page to 1439, and you'll see this is an email from an IBM officer to Maree, and that's Maree Blakeney, yes?---Yes.

1

And she was the person, or at least a person, she was the person through whom questions would be asked of tenderers and their responses would be provided?---That's correct.

That was the system in place?---Yes.

10

Accompanying that email you'll see is a document headed "Workbrain"? If you go to the next page?---Yes, sorry.

Which discusses attributes or claimed attributes of Workbrain?---Yes.

Do you recall receiving that and reading that in the course of your evaluation?---No, I don't recall.

20

Again, the likelihood is you would have received it and read it?---There's a strong likelihood. There's a very technical assessment here as well that probably was not really in my ambit of accountability.

Well, that's what I was going to ask you. This and a couple of other documents I'm going to show you relate to the performance characteristics, if you like, of the IT? ---Yes.

30

It's likely, even if you were given it, that you wouldn't be able to bring to bear much discipline in its understanding or its assessment?---I would have thought there was others who would have been more interested in that apart from our evaluation works.

Right. Well, in terms of the satisfaction, if you like, that reading this would give someone that Workbrain is a proven award interpretation system, that's something that you'd have to defer to others to read and understand it? ---From a technical perspective, yes.

40

Right. Would you turn across, please, then to page 1454, and you were shown this before, I think, and it was described as an agenda for a meeting?---Yes.

And immediately behind that there's another document called "Workbrain Solutions for the Public Sector". Do you see that?---Yes.

50

Can you tell me if you recall reading that back in the course of your evaluation process?---Yes, it looks very familiar, yes.

1

Okay, so this is likely something you did read?---Yes.

What about the document behind it, which is a Gartner, G-a-r-t-n-e-r, document, "Market scope for retail time and labor applications"?---No, I can't recall the following document; no.

10

I will just see if I can refresh your memory; it's a document that reports upon the use of Workbrain in retail sector, including for the applications which are the American equivalent of our awards - - -?---Yes.

- - - business rules and compensation rules and undertakes a study of how they have performed. Do you recall reading such a thing?---No, I don't.

20

It's the very thing that you would be interested, I suppose, in having read, ignoring the technical components, having read back in 2007?---The Gartner ratings are generally very useful in providing information about where products sit in relation to others.

Okay. Even if you didn't read this one, it's the kind of thing that you were looking to obtain from IBM to give you - - -?---Yes. I don't recall reading it so it may have been read.

30

All right. It might have been read by either another team or someone else in your team?---Or me.

Thank you. Now, you also attended the presentation as you have described it as?---Yes.

And in the same volume, if we turn to 1496, we have there Powerpoint summary I suppose of what was the subject of that presentation. That's right, isn't it?---Yes.

40

Now, how long was the meeting, or how long was the presentation?---It would have been a couple of hours.

How many non-IBM people attended?---It would have to be an estimation. I would have thought there was 20, 25 people there.

Drawn from the evaluation team?---Yes.

50

So that within that group, there would be people who have business management skills such as yours?---Yes.

But also people with technical IT skills?---Yes.

And an acute understanding of what would be required for awards interpretation. There would people whose discipline that was?---Yes. 1

And indeed anyone else who wanted to ask questions about the operation of Workbrain for awards interpretation would have been invited?---Yes, that's correct.

And your expectation is attended?---Yes. 10

And if they had any questions, they would have asked them? ---There was plenty of questions.

There were plenty?---There were plenty of questions.

I take it you can't recall what they were?---Not specifically. I remember it was Mr Paul Surprenant who did the presentation.

Okay?---And provided the overview of the conceptual model. I guess - no, I would be guessing - - - 20

Can you recall if at that presentation there was reference made to the reference sites, either by IBM or by a team member who contacted them?

THE COMMISSIONER: Who had contacted them.

MR DOYLE: Who had made contact with them?---I'm not aware that any contact had been made by that point. 30

Right. So you can't recall that being discussed at the meeting?---No. I recall that reference sites would be provided but I don't believe that they had been referenced at that point.

Okay. That's your recollection?---That's correct.

Okay. Now, it went for a couple of hours?---Yes. 40

You have described that as the catalyst for change in your mind?---Yes.

So can we infer that you listened attentively to what was said?---Yes.

As far as was within your discipline to - I don't want to sound patronizing but to understand what was being said, you were able to?---Yes. 50

You seemed satisfied that the other members of the group who had more IT experience themselves had asked and received responses to the questions they had?---Yes.

And seemed satisfied?---Correct.

As a result, at least your team's assessment of the program altered?---Yes. 1

And fundamentally?---Fundamentally, yes.

Now, you can put that aside now. To that time, the only system that had been rolled out within the Shared Services Initiative had been to Housing. Is that so?---Yes.

And is Housing a rostering system, a rostering department? 10
---We would call it a 1300 white collar organization, so no.

But it had applied SAP software system, a SAP system?
---Yes.

And the awards interpretation task in Housing was performed within SAP. Did you know that?---Yes, but an award interpretation for a 9 to 5 organisation is somewhat different to a rostering organization. 20

I agree, but you knew it to be the case that what had - the only occasion where awards interpretation had been dealt with in the Shared Services Initiative thus far was in Housing?---Yes, correct.

And that had been in SAP?---Yes.

It had taken place by doing something in SAP?---Yes. 30

If I were to ask you about the process by which that is achieved in SAP, the writing of codes and so on, is that within your discipline?---Absolutely not.

Okay. You know though, don't you, that it was identified to be a very complex and time-consuming process?---The running of the Housing instance?

Yes. The running of the awards interpretation and payroll operation of SAP in Housing?---I couldn't be specific about the award interpretation part of your question but we were aware that there were a number of uses and costs involved with the Housing instance, yes. 40

In terms of its implementation and its performance?
---Implementation and its support, yes.

At least if we can just focus, I know, on awards because that is what we are talking about now, you would describe it as being a comparatively small department with relatively straightforward pay arrangements?---It probably would have only had one award. 50

Right. So very straightforward?---So very straightforward, yes.

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You have told the Commissioner that one of your concerns with respect to Workbrain was to identify a reference site in which it had been successfully implemented in a comparable form, that is in a comparable size, I suppose that means?---Yes.

1

And by that you had in mind something capable of handling, what, Queensland Health? Something the size of Queensland Health?---I'm not sure that scale is exactly what we needed to see. That may have been quite difficult to find comparable, agencies of that size but in tens of thousands with complex award arrangements.

10

Okay, tens of thousands of employees with complex awards? ---Yes.

Now, I have shown you in the documents I have taken you to three reference companies?---Mm'hm.

They would meet that description, wouldn't they? ---Woolworths, yes, I have some understanding of their arrangements, yes, that's rather similar to what we have wanted.

20

QANTAS was another one that was named?---I've got some knowledge of QANTAS because they were on the same payroll system as Education so yes.

Big company - - -?---Big company - - -

30

Complex?--- - - - quite complex in rostering, yes.

Yes. The other two you will have recalled. I will name them - - -?---Bunnings and - I just don't know the size of their operation so - but by their name, I would suggest they would have been a similar-type organization that could have provided that reference.

Likely to have a big payroll with lots of different start and finish times and entitlements and stuff?---Mm'hm.

40

That kind of thing?---Yes.

And there was another one which was - I won't name. Anyway, that's the kind of thing that you were looking for? ---Yes.

Were you given any similar identification of a reference site where SAP had been used to interpret awards for tens of thousands of employees with complex awards?---SAP was already in Queensland Government so there was a number of departments were already utilising that product so there was a lot more intimate knowledge of its functionality across government.

50

Yes. In terms of its awards interpretation?---In award interpretation, so to transport Main Roads, a rather complex award structure so it's utilising its award interpretation for - - - **1**

Within SAP?---I think so.

Are you certain of that?---I believe so.

I see. Anything else?---No. **10**

All right. Now, at the end of this process as you have told the Commissioner so far, there was satisfaction, if you like, with the ideas that were being presented - - -? ---Yes.

- - - a desire to have that established in some way?---Yes.

And the ways in which it can be established would be to go to a reference site which had tens of thousands of employees in complex awards - - -?---Yes. **20**

- - - which you know were identified to you but you can't yourself recall doing anything to approach those people? ---Correct.

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And you're not able to say whether they were or weren't approached by others in the team?---I can't comment on that. I wasn't part of any reference checking process.

1

Certainly nobody said to you, as far as you can recall, in this one that wasn't able to give information, no-one said to you, "We've contacted them and the results are bad," or, "the information is bad"?---I don't recall anyone talking to me about a reference site at all, regardless of good or bad.

10

Well, had they said to you that it was bad, it's the kind of thing you'd remember. I would have thought so, yes.

And it's the kind of thing you'd record in the score sheets that we've seen?---That should have been the process, yes.

Well, it would be inconsistent with saying Workbrain is a good solution, to say that and not say, "Oh, and we've been told by someone who's using it something quite different"? ---Again, I wasn't involved but I would have presumed that if some feedback came, we would have been told about that particular negative feedback.

20

Of course. Thank you. Now, would you take up your statement again, please. Just turn to paragraph 49. Do you have that?---Yes.

I just want to make sure that what's said there is clear. From start to finish, your involvement would have represented in total 15 hours at most. Is that - - -?---I think I was really referencing in that 10 to 15 hours in the three to four meetings that we had as a group, as a smaller group.

30

Right. Well, I wanted to just check that with you?---Yes.

And I might leave things out but the process you followed - - -?---Yes.

40

- - - was presumably to read the three ITO responses? ---Yes.

You'd be doing well to get through them in a few hours? ---Correct.

That's so, isn't it?---Yes.

You attended some kind of joint briefing situation at the start?---Yes.

50

How long did that go?---A couple of hours and there was a number of us.

A couple of those?---Yeah.

1

So they're all excluded from this estimate here?---Yeah, that was reference to - I thought the question was about our evaluation team process.

Okay. Well, it's clear now. Thank you. If you turn across to paragraph 62 - you may need to put this in context by going back a bit but you refer there to, "The groups had worked with Accenture," so that's the various members of the teams comprising the evaluation group? ---Yes.

10

Okay. And, "A lot more informed about them, and it was doubtful their approach would have changed." The 'their' that you use there means Accenture, doesn't it?---Yes.

It's doubtful that Accenture's approach would have changed? ---Mm'hm.

20

And that, in your perception, at least, was seen to be not a good thing?---Yes.

Thank you. Turn next to paragraph 77. This is where you refer to the IBM presentation - - -?---Yes.

- - - as the game change. But you do say, "In the sense that IBM are presenting a better model, they provided some hope going forward." Can we infer from that, that your recollection is at least that Accenture was not providing some hope going forward?---From what they had been involved with up until this point, yes.

30

Yes?---Yes.

Thank you. Okay. Next, paragraph 79, you say, "After the presentation, we were asked to review our scores based on what I had just seen," or, "what we had just seen," and I think you said earlier that was either Mr Burns or Mr Shah - - -?---Yes.

40

- - - who said that. And would you accept this, that would have in fact caused the whole process of evaluation to have miscarried if you had not reviewed your scores after that presentation?---The review of the scores after the presentation was fair and just, as far as I'm concerned.

I'm not arguing with you but you've been presented with something which the words "game changer" are, I take it, are your words - - -?---Yep.

50

- - - which you identified as being significant enough to call it a game-changer?---Yes.

It would be foolhardy to not have reviewed your assessments after such a presentation?---That's what the presentation was, to provide us with more clarity on IBM's presentation proposal. 1

In terms of there being some need to test Workbrain, do you know what an expression "tested scalability" means?---Yes.

And it means?---To scale from a small number in a pilot situation, eg. 5000 employees up to, potentially, the 200,000 employees that Queensland Government had. 10

Okay. And you at least imagine at some stage there'd be testing of that?---Volume testing? Yes.

Scalability testing?---Yep.

And in that context, to test its capacity to do the things which IBM had made known in its presentation it was capable of doing?---Yes. 20

Okay. You were not yourself made aware of the results of any such tests - - -?---No.

- - - in the evaluation process at least?---No.

If the final evaluation report is dated 23 October, which I'll ask you to see, can we assume that's when any involvement you had in evaluation had ceased?---Looking at the dates of these meetings, that sounds a reasonable statement, yes, I would have finished around that time. 30

I'll put it slightly differently. The presentation was on 17 October?---Yes.

And you told us earlier, your review of the scores occurred that day or the next?---Mm'hm.

Did you do anything after that?---Not to my recollection, no. 40

Thank you. Just excuse me. Thank you. I have nothing further.

COMMISSIONER: Yes, thank you. Ms Nicholas, any re-examination?

MS NICHOLAS: Nothing in re-examination. May Mr Mander be excused? 50

COMMISSIONER: Yes. Mr Mander, thank you for your assistance?---Thank you.

You are free to go.

WITNESS WITHDREW

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MANDER, R. XXN

COMMISSIONER: Mr Horton?

1

MR HORTON: Mr Commissioner, the next witness is David William Ekert, who I call.

EKERT, DAVID WILLIAM affirmed:

COMMISSIONER: Yes. Mr Horton.

MR HORTON: Your name is David William Ekert, E-k-e-r-t. Is that correct?---That's correct.

10

And you're a senior consultant with a firm known as Information Professionals?---Yes, that's right.

Now, have you signed a statement for the purposes of this commission?---Yes, I have.

And do you have a copy with you?---I have one up the back but I don't have one in front of me, no.

20

Is that a copy of the statement you signed?---Yes, it is.

It's undated; do you remember the date?---It was the week before last, I think about the 6th.

I'll tender the original of that statement?---Yes.

Are the contents of that statement true and correct to the best of your knowledge and belief?---Yes, they are.

30

Okay.

COMMISSIONER: Yes, Mr Ekert's statement is exhibit 26.

ADMITTED AND MARKED: "EXHIBIT 26"

MR HORTON: Mr Ekert, you're a certified practicing accountant and you hold an MBA?---Yes, that's right.

40

And you came to work, I think, for CorpTech through a Mr Mark Nicholls?---That's right.

And when roughly did you start with CorpTech?---It was early to mid-December 2005.

50

Yes, and you were - I think you describe yourself in paragraph 6 of your statement as, in effect, being part of the consortium which involved a company called Arena? ---That's correct, yes.

1

Mr Uhlmann was a member of that consortium for Arena as well?---As the principal of Arena, yes.

And that consortium, I think, you've said in paragraph 7, and you as well, involved in the then pre-existing contract, the 30 November 2005 contract known as HRBS, I think, colloquially, is that right?---I'm not sure whether it was that one, I thought that the consortium at which Arena prism partnership and Information Professionals was engaged or was around change and business transformation rather than a HR business solution.

10

Thank you. And then you've said in paragraph 8 that a program director position became available at CorpTech? ---Yes.

20

Was that a position then you were in as a contractor or were you then employed as a public servant?---No, I was a contractor.

And at all times that you've worked with CorpTech, have you been under the contractor's umbrella whether it be as a consortium or not?---Yes.

Now, you mention at paragraph, commencing at paragraph 9, being involved in a review conducted in April 2007?---Yes.

30

That was, I think, you describe it as a four or five-day review, you say, in paragraph 10?---Yes.

Is that where you met Mr Burns for the first time?---Yes, that was the first time I met him.

And what was your involvement in that review?---I was asked to be part of the review because I had been in CorpTech and in the SSS program for some little while at a reasonably senior level, I was reporting to one of the program directors, Jan Dalton, who was responsible at that time for business transformation, of those change communications training activities. So having been in a contract role but in a senior role, I was - and because I had previous experience in managing projects, not of this scale and complexity but in managing major change programs, that perhaps I could add some of that experience as in put to the review, the findings of the review.

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And who ultimately ended up presenting that review, to your knowledge?---Gary Uhlmann did.

Now, who did Mr Burns, at that stage, report to within CorpTech?---During the period of that review, I don't believe he reported to anyone in CorpTech, he was brought in specifically to do that short piece of work over four or five days. I suppose if there were a reporting relationship in place at that time, it would have been directly to Mark Nicholls at Information Professionals for a contractual - I use the word "employment loosely", but engagement relationship. In terms of the functional nature of the work that was being done, he would have been reporting to Mr Uhlmann who was leading that review.

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And how about after the April review?---Well, he was then engaged into CorpTech and he would have been, then - whilst, again, he had the reporting relationship from an engagement perspective, a contractual engagement perspective with Mark Nicholls at Information Professionals, then as I understand it the functional reporting line would have been to the executive director or CorpTech, who was Geoff Waite at the time.

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You say at paragraph 14 of your statement that during the review Mr Burns had expressed a desire to have a direct communication line through to Mr Gerard Bradley?---Perhaps the timing of that - the desire to have the direct communication line with Mr Bradley perhaps came after that initial review, I may have slightly put it out of chronological order in the statement, it would have come later.

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Do you know about when?---Early in his subsequent - I think there was about a 20 day engagement following that, so it would have been fairly early in that stage that he said that he would have needed that reporting line.

Yes. And what did he say to you about that topic, what were his words, do you recall?---No, I don't remember the exact words. I think the tone of what he was saying was that he - if it were true that the CorpTech program was not travelling as well as it might have for whatever reason that might be, that the current management of CorpTech could in fact be part of that problem, so therefore it may be necessary for him to bypass that management structure in order to have a reporting line to a higher lever, which, in that case, was Mr Bradley.

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Are you able to say did he achieve the direct communication that he earlier expressed?---Yes, I understand that he did; yes.

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And how did you observe that taking effect?---I think he told me on more than one occasion that he was seeing Mr Bradley.

Yes. Now, at paragraph 16, you refer to this 20-day review?---Yes.

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I think it took place almost immediately after the April review?---Yes. 1

In paragraph 17, in the last sentence there, you refer to Mr Nicholls and Mr Uhlmann being isolated - - -?---Yes.

- - - and not being able to maintain a contractual relationship with Terry Burns?---Yes.

Did you observe that occurring?---Yes, I did. At the time of my interview with the commission and the making of this statement, I was not aware of what I've subsequently found out about the ongoing contractual relationship between Arena and CorpTech and Mr Burns. I wasn't aware of that at the time, but I know that at some stage he did transition to being engaged directly by CorpTech. 10

From the point of view though, at that time in terms of what you were able to observe, what did you see in terms of the isolation which you've stated her paragraph 17?---Yes, he was very - he came to me one day quite agitated about the fact that Mark Nicholls, who I think was overseas at the time, was asking for information about how he was going on his review, and Terry came to me, you know, as I said, in a reasonably agitated state saying, "What right has this man to be asking me what I'm doing? This is confidential between me and my client, I have no right to release this or no permissions to release this information." More or less, "I'm not going to tell Mark Nicholls anything of the sort," so there was a creation or widening of the gap between the two at the time that happened, that was indication to me sufficient to see that was the case. 20 30

You've said in paragraph 19 and following, you had some involvement in the RFP, request for proposal, process?---In the first stage, yes I did.

Yes. And can you just outline very briefly what the involvement was?---The area in which I was working at that time, we were responsible for business transformation and I think implementation by that stage. The team that Jan Dalton and I were looking after had implementation projects under its control. The particular area of the - always remember the right term - the RFP at that stage was the area, functional area, we were concerned with, it was about implementation and about change management and change management in its broadest form. So change management communications training, that was the area we were responsible for, not so much about the functionality of the system. 40 50

So when you say "change management", are you speaking about the change that would have to occur - - -?---Yes.

- - - or has to be effective within the state agencies in which there was to be a roll-out?---Yes, that's right. So

how did - I guess the expression that people use in the industry is "how do we prepare the people for the system", so, in other words, this would be changes in roles, changes in responsibilities, changes in forms, changes in various ways of doing people's work.

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At paragraph 24 of your statement, you mention that Accenture at one stage was probably on top as part of the RFP process?---Yes.

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How did you observe that to be the case?---I would have - at that stage, I would have been partied, I would have heard what the scores were. At the time of the interview, I was, and I guess I still am because I haven't yet still seen any of the actual scoring sheets from that stage of the process, but I have a recollection that Accenture was slightly in front at that stage.

And did you observe that to change?---At that RFO stage, no, I don't recall it changing.

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So as far as you're aware - - -?---RFP, sorry. RFP, I beg your pardon.

So as far as you're aware, until the end of the RFP process Accenture was ahead?---That's the way I remember it, yes.

And from whom did you hear that?---It would have been - I would have heard it, I guess, from Terry Burns who was coordinating the whole activity. It would have been discussed at a leadership team meeting or two of which I was present.

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Were you aware of any attempt or push after the RFP process came to an end within the CorpTech wider group - by that I'm meaning including contractors - to, at that stage, enter into a contract with a potential vendor?---No, I was not aware.

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Now, could I take you to the ITO phase, which starts in your statement at paragraph 26?---Yes. 1

You say you had some initial involvement in drafting the invitation to offer document?---Yep.

You mentioned it was a closed tender process?---Yes.

Was that unusual, in your experience, in an undertaking of this kind, to have the process closed?---No, not at that stage. Having received information from at least two vendors - I think there were four in total at the first stage. Having received information from them, it would have been reasonably logical, I think, to proceed to the next stage with a closed tender to no wider a group than the ones that had originally responded. 10

Now, in paragraph 28, you say, "A meeting took place in early October 2007"?---Yep. 20

And you say that during the course of that meeting, a Mr Keith Goddard said it was not appropriate for you to become a member of the evaluation panel?---That's correct, yes.

What were the words he used to say that?---Almost exactly what you said, "It's not appropriate." They were going around the room to make decisions on who would lead the various evaluation teams. There was an assumption, I suppose, because of the position that I was in, that I would be leading the evaluation for the change management and implementation parts of the ITO. Keith Goddard sort of jumped in, I guess, during that process and said - more or less pointed at me and said, "No, it's not appropriate for you to be part of it because you're a contractor," and because of I was then - still then under contract from Arena into CorpTech. There was - it had become known through CorpTech that there was some potential for Arena to be joining either or both IBM or Accenture in their bids and on that basis, if that had been the case, then there would have been a clear conflict of interest for me to be there and be part of the evaluation team. 30 40

Yes. Were you at that stage aware of any proposal by Arena that happened?---No.

And it didn't, as I understand, happen with IBM?---No, it didn't happen. No, it did not happen.

Now, were other conflicts raised at that meeting that other people may have had?---Not at the meeting there weren't, no. 50

And who was present at the meeting?---The CorpTech senior leadership team was present. Mr Goddard and Mr Burns were present, at least those people. I can't, for the - I can't

remember all of them. I've known some of the members, like John Beeston, who was on the leadership team. 1

Who do you refer to then as the CorpTech senior executive team?---Well, that would have been Geoff Waite, Darrin Bond, Philip Hood, John Beeston, Jan Dalton and myself.

And who then made the decision that you shouldn't be on the evaluation panel after Mr Goddard made his statement?---I think - I'm thinking now, sorry, I just need to draw back a little bit, I think perhaps that Geoff Waite had probably finished by this stage, so it would have been Barbara Perrott as the executive director, I beg your pardon. It would have been Barbara who would have said, "Okay, David, it looks like you're off." Yep. 10

And was any potential conflict raised in respect of Mr Burns on the basis of him having worked for IBM for some years in the past?---No. 20

And tell me if you're aware of this or not, but Mr Burns, as I understand it, came to contract through Arena with the state in September 2007. Were you aware of that?---He had been engaged earlier than that.

Yes?---He had been initially engaged through Information Professionals. I'm not sure what the contractual arrangement or the chain of contractual arrangements was but certainly I'm aware that following the - and I think during and certainly following the 20-day engagement, he was in contract from Arena to CorpTech, and I'm aware that he did go - that he left that contract and went directly to - between his company, Cavendish, and CorpTech, but I can't tell you the date that happened. 30

Did anyone ever raise, to your knowledge, a conflict in respect of Mr Burns later when he came to be contracted through Arena to CorpTech?---No, I wasn't aware that it was raised other than in corridor conversations. 40

Yes. Now, the corridor conversations I think you refer to in paragraph 32 of your statement?---Yep.

And what were those conversations and who were they with? ---I can't remember specifically who they were. I mean, the line of thinking was that - well, the line of argument that was being used was, well, surely if there's a conflict of interest for you, Terry has the same conflict. Why is he special? I mean, we need to remember, I think, that Terry had - Terry was managing a fairly large change program through that organisation, which had an impact on quite a number of people's careers, so it would - it's not an understatement to say that he was fairly unpopular around the organisation because of the amount of - the change and the nature of the change he was bringing about. So I think that, you know, perhaps some of that perception 50

that people have, he may have driven some of those conversations. Perhaps there was an element of people perhaps feeling a bit sorry for me, you know, that I'd missed out and, look, as I think I said in my statement, within some minutes of the decision being taken I realised that it was actually the right decision to take.

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Was the basis ever up to go, though, for these corridor conversations that you've referred to as to why Mr Burns ought to be conflicted also?---Because of the Arena connection, yes.

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Was it ever mentioned that was the case because of his IBM connection?---Not to my knowledge, no. Well, I wasn't aware until what I've heard in recent dates that he ever worked for IBM.

Yes. Could I take you to paragraph 43 of your statement, please?---Yep. 43, did you say?

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Yes?---Yes.

You mentioned that IBM had previously done a lot of work with Queensland Health?---Yes, that's what they told us.

Who told you that?---Well, Lochlan Bloomfield and, in particular, this was part of presentations to CorpTech from IBM. They were quite open about the fact that they had been dealing with Queensland Health.

30

And did they say a lot of work or was it a different form of words used to explain what they'd done in Queensland Health?---Look, that's my recollection of at least the tone of what they were saying, if not the exact words.

Did you have any independent knowledge of the work that IBM had or had not done with Queensland Health up to that time? ---No, I didn't.

Thank you, Mr Ekert. That's the examination, Mr Ekert.

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COMMISSIONER: Yes. Mr MacSporran?

MR MACSPORRAN: Thank you, commissioner. Mr Ekert, you spoke about Mr Burns telling you that he had a direct line of communication to Mr Bradley?---Yes.

That was your only source of knowledge that was the case, what he told you, or were there other things that you observed that would confirm that what he told you was right. Do you know?---I was aware that he was having meetings with Mr Bradley. He was probably the main source of me knowing that, whether my peers as sort of program director level were also telling me that I can't specifically recall.

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In any event, whether it was right or wrong, he told you that it may have been the case that the CorpTech management was part of the problem that he looked into?---Yes. 1

And if that was the case, he needed to go past them - - -? ---Yes.

- - - and have the direct line to Mr Bradley who was able to deal with that problem?---Correct, yes. 10

Is that, in your view, a reasonable approach for him to have taken? If you accept for a moment that his assessment - - -?---Yes.

- - - CorpTech management may have been part of the problem or at least weren't receptive to changing the system, it would be reasonable to go beyond that management for those issues and deal directly with Mr Bradley?---Yes, I would think that was reasonable and particularly if it's true, as I understand it, that Mr Bradley had actually instigated the April review, then he had demonstrated or indicated that he had quite a strong interest in what was happening. 20

That wouldn't necessarily mean that you would completely bypass CorpTech management but you might deal with Mr Bradley for those issues particularly and still reporting to CorpTech management for routine matters? ---Correct, yes.

At that stage, would that have been Mr Waite or Ms Perrott, do you know?---I think Geoff Waite left at the end of June 07, it was thereabouts, he went on some leave and didn't come back, so from my recollection it was around the end of June, early July that the changeover happened. 30

So that would have been Ms Perrott, would it?---Yes, yeah. She was the incoming executive director.

Now, you were asked questions about the fact that this ITO process was a closed tender process?---Yes. 40

You didn't see that as being unusual in the context which it occurred?---No, not at all; no.

Were you aware also there had been an open tender process for the same contractors back in 2005?---Yes.

So when you came to this process in 2007, you were proposing to canvas the same contractors who had been working in the same areas - - -?---Yes. 50

- - - rather than go back to the market with an open tender?---Well, I don't - I think that the scope of what CorpTech was going out for in 2005 was different in that it was then in - sorry, in 2007, CorpTech was going for a

prime contractor to manage the entire program rather than parts of the program. I think that another difference was that as a prime contractor, whoever was successful in the 2007 procurement exercise would be taking on a higher degree of risk than those who had tendered in 2005. I think it was a slightly different edge to the process, if you like.

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Yes. I'm suggesting otherwise, I'm just suggesting that it was canvassing the same group of contractors, essentially?
---Yes.

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They were the people who were likely to be able to tender for this new work?---Indeed, and as it turned out when the RFP went out, that it was the four companies, being IBM, Accenture, Logica and SAP, who had fairly in-depth knowledge of the process who did respond.

Yes. Were you aware of a government significant purchase policy?---Yes, I'm aware that there is one, that one exists, yes.

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And one of the requirements of such a policy is to - if you only have a closed tender process, you have to explain the basis of that rather than having an open tender process?
---I'm not aware of that detail.

All right. Thank you.

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THE COMMISSIONER: Yes, Mr Doyle?

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MR DOYLE: Mr Ekert, do you have your statement?---Yes, I do.

Go to the bottom of page 3 to paragraph 12?---Yes.

You were talking there about the April 2007 review?---Yes.

And you describe on the top of the next page that your findings include the SSS program was out of control, then you said in that, it was way over budget. Do you see that? ---Yes.

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Too many "in that" there, isn't it, in that last statement? ---Yes.

That was known to you in April 2007?---It was known that the program was well behind and I would have had some knowledge of the fact that it was over budget for the degree - for the amount of work that had been done at the time, yes.

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It was costing a lot more than people had thought it would cost?---For what had been done, yes.

Correct. In fact, the expression was it was burning through the budget much faster than the deliverables that were being provided?---I think that's reasonable, yes.

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Next, if you turn, please, to the bottom of page 5 where you commenced to deal with this RFP process?---Yes.

And you start on the next page as saying that you were involved in the two-phased process, the engagement of the prime contractor?---Yes.

So it's your understanding that it was always going to be something, an RFP if we want to call it that for now? ---Yes.

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Which was not going to be the thing pursuant to which the prime contractor would be selected but rather a later, more formal tender of some kind?---That's the way I recall it, yes.

Now, if you turn across, please, to page 7, at the top of page 7 you say in paragraph 22, "I may have had some involvement in drafting parts of the RFP." Are we on the same - - -?---Yes, I see that, yes.

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I'm wondering if we have in mind the same thing which is an RFP. Can I ask that you be shown, please, volume 6, page 41?---Page 41. Yes, I've got that.

Just bear with me. Can you see on the bottom half of the page there's an email dated 25 July?---Yes, I can see that. 1

Which I will ask you to assume went out to all of the possible vendor suppliers?---Mm'hm.

And which of the two I had understood was being referred to as the RFP?---Okay.

Did you have any part in drafting that?---Drafting this email? 10

Yes?---No.

Okay. Thanks. It's right to say that internally within CorpTech, there was some kind of later evaluation of the responses to that?---Yes.

Did you have in mind that you drafted some aspects of the dealing with the evaluation?---No. I think I was more referring to the specification of requirements that went to the market as part of that process. 20

So there was something more than this, was there?---Yes. I believe that there was a set of specifications developed in which we asked the market to respond to. That is my recollection, yes.

Okay. We will be corrected if I'm wrong about that?---As will I. 30

I'm not sure about that. Now, there was some responses provided to the RFP, we will call it?---Yes.

Did you review them?---I reviewed - yes, I did review them, yes.

And there was a very large one provided by Accenture. We were told 110 pages plus some Powerpoint things?---That sounds right. 40

And more of a Powerpoint presentation from IBM. Do you recall that?---I don't remember the exact form of those but - no, I don't doubt what you're saying but I don't recall specifically what they were.

All right. There was also response from Logica and from SAP?---Correct.

The invitation, you know, was sent out to more people than those four?---Yes, I believe so. 50

And those four were the ones who provided a response?---Yes.

The function of that process we have just described was in fact to identify those vendors to whom the ITO response would - - -?---That's all I understood the process to be, yes. 1

Sort of to weed out those who weren't sufficiently interested to respond to the RFP. Is that right?---Yes.

Is that right?---And those that perhaps weren't clarified to actually do the job. 10

Thank you. Now, can you go to paragraph 25 of your statement where you say your understanding is that it was not until the Ito stage that offerers are required to expand in detail on the RFP and put in a binding price for the work to be undertaken?---That's certainly the way I recall it to be, yes.

Right. So you don't have any recollection of anyone saying to you that the outcome of the RFP would be the selection of someone to be the prime contractor. It was always your understanding there was to be another ITO process?---That's the way I understood it, yes. 20

Thank you. Would you go, please, to paragraph 42?---Yes.

You refer to an IBM presentation?---Yes.

Do you recall when that was?---Do I recall when it was? 30

When it was?---It was during the ITO evaluation stage. I can't remember the date but it was in terms of the process that we were going through, it would have been after the initial desk marking, if you like, of the responses that hadn't been done so it was a question and answer session.

Okay. You attended that?---I did attend, yes.

In the course of the valuation process, there was a process by which questions could be asked of the tenderers?---Yes. 40

And they could respond in writing?---Yes.

Were you involved in that, even though you weren't a member of the - - -?---No.

So you were unaware of what may have been exchanged through that particular format?---Yes.

You know, don't you, that SAP had been selected as the operations system for HR some years earlier?---Yes. 50

And that Workbrain had been selected for the operation system for rostering - - -?---Correct.

- - - some years earlier?---Yes.

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EKERT, D.W. XXN

Were you involved in the decision to select either of those?---No, no. 1

Do you have IT qualifications or experience?---I have experience from a business and project management perspective.

That is in the organization and management of the projects rather than in the performance criteria of the software? ---Some of the projects have been in - I have - have required me to gain a certain amount of technical knowledge and technical awareness, I mean, basically to know when - what I'm being told is valid or not. 10

We will see how we go?---Yes, but not as an IT expert, no.

In the selection of Workbrain to operate the rostering system - - -?---Yes.

- - - someone would have to turn their mind to whether it could interface with SAP?---I would imagine that should have been the case, yes. 20

And you know that it's the case that those two were selected by 2005?---Yes.

And that had the Accenture and Logica - sorry, the pre-prime contractor regime been carried out, all of the departments that were rostering departments would have rolled out a Workbrain system to operate interfacing with the SAP system?---Correct, yes. 30

How many of those departments are there, rostering departments?---Rostering departments, there would be a handful of five or six. I mean, I bring to mind Health, what was a community safety - probably police would be the major ones, I think.

All right. Health and police are quite substantial departments?---Yes. 40

Thank you, I have nothing further.

COMMISSIONER: Any re-examination?

MR HORTON: No, Mr Commissioner.

COMMISSIONER: Mr Ekert, thank you for your assistance. You're free to go?---Thank you. 50

WITNESS WITHDREW

COMMISSIONER: Yes, Mr Horton.

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MR HORTON: I call next, Mr Commissioner, Mr Keith Richard Goddard.

GODDARD, KEITH RICHARD affirmed:

MR HORTON: You are Keith Richard Goddard. Is that correct?---That's correct.

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And you're a freelance project manager?---That's correct.

You're currently engaged with the Redlands City Council through an agency called Paxus?---That's correct.

Mr Goddard, have you signed a statement for the purposes of you giving evidence today?---Yes, I have.

Is that statement dated 5 March 2013?---Yes.

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Do you have a copy with you?---No, I don't.

I'll get you a copy. Are the contents of this statement, Mr Goddard, true and correct to the best of your knowledge and belief?---Yes.

Thank you. I tender that statement, Mr Commissioner.

COMMISSIONER: Yes, Mr Goddard's statement is exhibit 27.

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ADMITTED AND MARKED: "EXHIBIT 27"

MR HORTON: Now, Mr Goddard, you hold a degree in computer studies from the Canberra College of Advanced Education? ---That's right.

And you worked as a contractor, I think, historically for some time with an organisation called CorpTech within the Queensland government?---Yes, I did.

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As a contractor or as an employee?---Contractor.

And then from about mid-July 2007 to the end of 2007, you work I think under Jan Dalton at CorpTech in particular? ---That's right.

With what particular area of responsibility at that time? ---I think the area of responsibility started around about April, so it's before the contract so there's a bit of a blurring of responsibilities. That was in regards to starting a review, what was called the "Arena Review" and then progressing through various phases of a project known as the "Rebuild Project".

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And how did you come to be involved in the Arena review? 1
---My recollection is I received a call leading up to that date from, I believe, Gary Uhlmann, on a weekend, or I was on holidays, and he indicated that I had been nominated by the under-treasurer to partake in a review that he was going to lead.

And I think some others were involved in that as well?
---That's correct. 10

Who were they?---Terry Burns, David Ekert and Gary Uhlmann.

Had you met Mr Terry Burns before that point in time?---No.

And the review I think took about four or five days to complete?---Yes, I think it took somewhere between one and two weeks to actually get the report up to management, yes.

Now, some interviews, I think, were undertaken as part of that review, is that right?---That's right, some document reviews happened and some interviews. 20

In appendix A to your statement you include what you've called, I think, "Arena Review Notes"?---Yes.

Are they notes that you created?---I think they would have been, yes.

Do you remember, and use these notes to refresh your memory if you need to, did you conduct, yourself, any of the interviews?---I think the answer to that is yes, but particularly who I couldn't tell you. 30

Can I ask you about one note that appears in this document? On the first page of your notes at about a quarter of the way down the page it says, "Brief, as noted by Gary, based on verbal description by Geoff Waite," and then there's four dot points and I just want to ask you about a couple of those. "Assist in managing the relationship with Gerard," what's that a reference to?---So this would be noting some advice from Gary as to his understanding from Geoff Waite of what the review was to cover, is my understanding of what that would be. 40

And is Gerard, Gerard Bradley?---Yes, I would take that to be Gerard Bradley. I guess there must have been, from Geoff's point of view, tension or difficulties with that relationship upwards in regards to the program. So I would imagine it would be dealing with those tensions between the program and executive management. 50

And the next dot point, "Why did we get it wrong," what's that a reference to?---I presume that regards to the tensions that were building up around about the schedule, the general whole environment of the program under stress to deliver on time, on budget.

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GODDARD, K.R. XN

Now, going back to your statement for a moment, there's a recommendation made in the April review, as far as I'm aware, that there be operational program director. I think you mention it in paragraph 37 of your statement, and that there be a further review?---Yes, so this is the five days turning into the five weeks or six weeks.

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Which I think is conducted ultimately in May 2007?---Yes, there was a start in part in late April running through pretty much the whole of May, yes.

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Now, were you involved in that review as well?---That's correct, yes.

And Mr Burns was involved?---Yes.

Is it fair to say Mr Burns led that review?---Yes.

And who else, if anyone, was involved?---I think we could say that we were the colonel, there were people then that were pulled in from the program to assist as we went forward.

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Were either of Mr Nicholls or Mr Uhlmann involved in that particular review?---Not directly so, no, I didn't see them come and participate in any great capacity. I would have imagined if they were involved they were on a peripheral or in executive relationships.

Certainly. You say "not directly involved", but do you know whether they were indirectly involved?---No, I don't know.

30

And do you know how it was that they became not to be involved in the May review having been involved in the five-day April review?---No, I don't know that.

Now, turning to paragraph 39 of your statement, you've set out in 38 some observations about the program generally, the shared services, and then you express this view, "No-one seemed to have the preparedness to put the brake on"?---That's right.

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Put the brake on what are you referring to there?---The program, in my view, was out of alignment with the amount of time left and budget left to complete a program of activity in that time, in that budget remaining. Someone needed to make an adjustment to bring that back in balance so the scope exceeded what could be done in the time and budget remaining. In my view, somebody needed to take account of that and bring it back in balance.

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And this gave rise, I think you say in paragraph 42, to an urgency?---Correct.

And what's the urgency of which you're speaking there? Is it to put the brake on?---I think I describe in there, "The urgency is pretty much related to the amount of money being spent on a multi basis." I think there's a note in there of about \$9 million was certainly being talked about in the circumstance at that time, the validity of that I can't testify to, but that was the sort of number being pushed around. It was burning \$9 million of money for the cost of the program proceeding forward.

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So is it the expenditure in your mind that was the primary reason for urgency?---I think you've got to look at the package, the expenditure was the item that was depleting and as you had less time left to achieve still a major amount of scope, you left yourself less time to deal with bringing it back in balance. So as time goes on more money is being spent, less money is available to correct it, the later you leave it the bigger the adjustment you need to make. So I think the urgency was about that, the money was principally the primary burning rate.

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Now, you say that urgency motivated you, in paragraph 43, for the next six weeks while you assisted with the May review. Then you say that you progressively declined incompetence in the process strategy activation. Why did you decline incompetence? What was the cause of that? ---Maybe if I describe the build up to that. I thought we were treading over ground that we probably had done in the program before, establishing the case that there was an imbalance and the program was out of alignment, so in the first five-day review and then the five-week review, I think we were travelling - covering ground that had already been done but with greater precision and more reasoned information. As we moved beyond that point, the rigor that we used to manage the activity declined as we went forward, so I guess as a project manager I looked to make sure we get to a sync point or milestones and to get a checkpoint before we move on to the other. And we were more in a mode of scrambling than we were in a mode of having checkpoints actually achieved, so I felt more uncomfortable as that went forward that we hadn't actually got to a point where we checkpoint back with management with where we'd got to and what we were about to do next.

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You've mentioned the word "we" a lot; who's "we" in this context?---The rebuild project program.

Right. And comprising what individuals?---Well, Terry and myself were the kernel but we were bringing in resources from the program around us to do that.

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Which resources? Who were the resources you brought?---Are we in the period now in May or are we in the period after May, so in June/July/August area?

I'm interested in the period in which you've progressively declined incompetence?---Oh, okay. Okay, so that's the June/July/August. There was a large - 10 streams, I think, was going on. One stream was the solution design authority. To establish that, there was a large number of people from the government sector or key people in the management level brought in on that stream. I'd have to go back to my notes. There were a number of streams going on. There were people dealing with the business case. I think there might have Declan MacNamara, Rose DiCarlo. Brett Matthews might have been in there, in environment dealing with re-establishing and recutting the business case. There was a number of people brought out of the program in the technical environment that were doing - recutting a schedule. I can mention their names. It was - - -

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Well, let's go back to the solution design authority for a minute. Mr Burns was the head of that at the time. Is that right?---When it was first forecast on the plan to go forward, he thought that I should be allocated to that and I think, under agreement, said - I didn't really initially understand what the solution design authority was but we

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certainly discussed it a lot, and I started off with it, but I did struggle to get on top of it and eventually he came in and sort of took over that, so the goal was to establish it, so bringing these people - just got a large number of people involved and I wasn't real comfortable and clear exactly what he was trying to achieve and so, yes, I handed back authority of that to him.

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And when then did it become evident to you that you had declined incompetence in the way you've said you did? ---Well, there was certain points along the way. I think that - and one of the things I can point to that assisted or added to that - - -

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Yes, what are they?---In the very early parts, I mean, June, there was one where we just finished the second of the review, the five-week review, and we're moving into this new replanning phase, and one of the structures that was proposed to be put in place was the operational program director at the top, a solution design authority and a PMO. My understanding is that structure would come into play down the track when we actually had agreement (indistinct) moving forward with. My understanding was in the initial period, we'd be working it through, trying to work out what the new model was we were going to deal with. I got comfortable when we all, almost immediately, started to have structure and almost responsibilities inheriting from the program, such as, you know, PMO responsibilities and solution design authority responsibilities. I felt we should have been using that capacity to work out where we needed to go as opposed to actually take ownership of it, so I think out of alignment with my expectations of where we were going, so I was concerned at that point. As we progressed, the emphasis placed on externally sourcing it, my view was that we were looking for - to bring things back on balance, we were looking to save the cost of the program or reduce the cost. By going to external sourcing of it, ultimately if the external organisations were going to take greater risk, costs are likely to go up as they're taking ownership of that rather than just (indistinct) arrangements. So I didn't hold a lot of faith in going down the track of externally sourcing it as being a relief to the cost. And if it did bring about a relief, I would have seen it as being a compression of reality, so my risk measures would have gone up as costs were indicated to come down from external sourcing. So I was uncomfortable with the amount of focus and attention on driving through that area, trying to look for an outcome and external supplier when the cost risk balance to me wasn't going to give us the relief we needed to bring the business case back on track.

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Yes. So was your problem that it was rushed or that it wasn't being thought through properly? What would you discomfort?---At which point? Described two points now, so - - -

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summarise the problem as being that led to your
Well, both of them?---Okay. In the first point, I thought
it was off alignment with what we had agreed or had
intended to do, so I felt uncomfortable with that.

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Did you express that view to Mr Burns?---I can't distinctly
remember an occasion but we discussed a lot of things and I
don't think I would have held back in stating that. I
think one of the things why I didn't take ownership over
the solution design authority was for that reason, I didn't
feel we were there entitled or trying to take ownership, we
were there trying to utilise that resource capacity that
was available to determine where we were going to go.

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Yes. In your view though was Mr Burns taking ownership?
---Yes, I think that's fair to say.

Was it your view that he was really dominating with
process?---Oh, absolutely.

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To the detriment of it?---Well, he was definitely
dominating it. I think in his mind this was the plan
always along of what's going to happen. My view was it was
going to happen but there was hiatus period further where
we worked out where we're going to go and then the
instructions started to apply, so I think we had a
difference of view, so I'm not sure the word "detriment",
so are you saying that's the cause for my concern?

Well, I'll be more specific. In your view, was Mr Burns
sufficiently attuned to what should be done in terms of the
project?---He was certainly attuned to where he wanted to
take it - - -

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Yes?--- - - - and that's where it was going.

But was he appropriately attuned to what you considered was
in CorpTech's or the state's best interests in terms of
where it should go?---I certainly expressed my opinions and
whether he fully took that on board, but we certainly had
robust discussions about things, so I think - - -

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Yes, and what were the opinions you expressed; similar to
the ones you've just said to me?---Yes.

And what was his response to you expressing those concerns?
---Well, we had an interesting discussion about it but
ultimately he took and kept going. As far as instructions
go, it went that way. We implemented a solution design
authority, he got a person on board the PMO. In regards to
the RFI, RFO process to drive out lower costs or compressed
costs related to that, so he rolled on, basically. So how
much influence he had over what I see, in some cases it may
influenced but in the major cases it wouldn't - it didn't
occur.

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Yes. It was more a case of you having influence over - you 1
said having influence over him, isn't it? That's the
question I'm really asking you about. To what
extent - - -?---In the big picture, not a lot; in small
items maybe, but in the big ones, no.

I understand. Now, Mr Burns I think you have said comes to
be the head of the solution design authority?---Yes.

What about some of the other roles that you have spoken 10
about, the project directorate and the PMO you have
mentioned?---Yes.

Who fulfilled those roles?---The program directorate, I
knew it as - or I think I saw it written as the operational
program director.

Yes?---He assumed that role.

Yes?---The PMO, he went to market and I think it was 20
Anthony Close in that role and came and managed that
activity.

Yes. It's true, isn't it, Mr Burns put himself in these
positions and acted in this way in your observation in
order to gain almost absolute control of this project?
---Certainly the project as the rebuild project, or do
you mean the program, the Shared Services program?

I really mean both?---Definitely the rebuild. I couldn't 30
tell you about a program but he was certainly taking a
slice into that area.

Yes. Now, who did Mr Burns report to or have put on a
contact with in terms of the senior management of
CorpTech?---From my understanding, there was a rebuild
steering committee. I think there was one - a level or a
structure between that called the SEG - the senior
executive group and it was, and it was two layers that he 40
reported through to. I think over time I remember the
deputy under-treasurer was instated in the position and the
CEO board because the players, the ultimate authority. I'm
not sure of the timing between when the under-treasurer was
reporting line and when the deputy under-treasurer stepped
in.

Were you ever in a position to know who he indeed met with
or briefed on a regular basis at a senior level?---Look, I
was in the same room so I knew he was heading off to 50
various meetings.

Yes?---On one occasion, I think I went to the deputy
under-treasurer meeting but on most occasions he would say
that - I would know basically where he was going, yes.

Did he have contact in the respect that you have just spoken with Mr Gerard Bradley, the under-treasurer?---Yes.

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How regularly was that?---I would be estimating, weekly or something like that, but I understand the structures changed as part of reporting through structure back to the under-treasurer but I think it got pushed back to the deputy under-treasurer through that panel. The CEO board, I remember the CEO board coming in and most of the direction of the reporting going to that board so I don't understand the dynamics, how they might have changed from under-treasurer to DUT to - off to the board.

10

Did you attend any meetings with the deputy under-treasurer or the under-treasurer and Mr Burns?---Only once did I attend a meeting with the deputy under-treasurer. I do - there was a larger meeting, I think, right at the end of the RFO process or the tender process where I know I attended a meeting with the under-treasurer but as far as during the process, no, I can't recall meeting with the under-treasurer. I do recall meeting once with the deputy under-treasurer.

20

Now at some stage Mr Burns recommends to the state that it had a moved to a prime contractor model for delivery of these services. Is that correct?---Yes.

Do you recall when that was?---Look, I think I have seen papers in amongst the bunch that we had been looking through but I couldn't quickly pull that out.

30

And it's not a view which seems from paragraph 50 of your statement you shared as being an appropriate one, or was it?---I would have to give that in two time zones; no, on the initial account because I didn't believe that the costs of an external provider would be able to justify the completion of a program in a very limited amount of money. When the steering committee or the CEO board had made a determination on all of the information that has been given to go prime contract, I respected that decision - have to play, participate in that, but getting to that point or the decision, it's where it's from an amount of info about risks, about different scope options, about different time factors, all that information was surplussed out of the array of activity we did during that rebuild project and pushed up to management. My concern was I never saw a single document that articulated all those dimensions, what I call business case but then said given all that in (indistinct) therefore we're going in this direction and part of that direction is prime contractor, I had never saw that.

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Knowing what you know about project management and maybe even yourself, there would have been a business case done for the original CorpTech methodology, that is - - -?---Well, I think - I mentioned in there about

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the business case that a year earlier I had done some work and determined that there was an imbalance in the overall program given that advice upwards and part of that was looking for the business case to actually see if there was a greater reasoning around the benefits et cetera that would justify a greater expenditure, the documentation it describes that the business case at that point said that it was not available to me, I think later on a month or a year later, it became apparent then there was one but it was under lock and key. I can only imagine there were sensitivities around it because the program itself was far bigger than the Shared Services, it was about the consolidation of all of the business areas and probably the attrition of people, head count if you like, of the government sector so it was probably sensitive. I'm only speculating but that would have been the reason for it being under lock and key that there was sensitive information about that that made it difficult to get to.

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It's critical from a project management point of view, isn't it, to know the business case in order to realign, I think is the word you have used?---Correct. Absolutely, yes.

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That, to your knowledge, wasn't done at this stage of moving to a prime contractor model?---That I don't know. I know all the information, how the activity had been surfaced and I would hesitate to say but probably surfaced and in some form pushed upwards but I didn't see it articulated in a single clear document.

30

And you didn't see Mr Terry Burns undertaking the task of analyzing the business case as against the proposed change model of having a prime contractor?---No, I'm not aware of doing a business case but there were elements of it so he was involved in risk assessment and schedule - to all different elements of it, he would have been aware of - but consolidating it into a single document, no.

You mentioned at paragraph 53, you were asked about Mr Burns having informal meetings with Mr Bloomfield of IBM?---Mm'hm.

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Now, what do you know from that topic? I mean that this is in the period for a moment, let's concentrate on the period before the ITO issues on 12 September 2007. You know what I'm referring to when I refer to the ITO?---Yes.

Good. So at any time from in effect the April review that you have spoken about to the ITO, what is your knowledge of Mr Burns having informal meetings with Mr Bloomfield of IBM?---Look, I think there are a number of meetings that might have been had with IBM and or Accenture, particularly in the early time. I think the sensitivities come when you actually are in a state of tendering or approaching tendering, became the delicate times and so we went through

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an RFI - RFO then - sorry, RFIP and RFO - there was a gap in between. It could be argued that when you can talk to suppliers or not, but certainly back in the RFI we were encouraging discussions because that was the purpose of that RFI, is to research the market and talk to people. As far as sensitive areas, we certainly had discussions from time to time about the sensitivities that are not talking to suppliers in inappropriate times. I think I mentioned in my paper there that there was one time you've got to contact and at that time, I recall saying - I can't recall whether it was in the RFO or the RFT timeframe but there was certainly a time when we had a discussion and they said that Lochlan wanted to meet and I said I didn't think that was appropriate and if you thought he needed further reference, then talk to procurement on it and I don't have any knowledge to say whether he did or didn't then go and talk, or talk to Lochlan on that basis.

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Yes, this is the point you refer to at the end of paragraph 55?---That's right.

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You can't presently recall, as far as I understand it, which of the two stages it was, that is, whether it was after the issuing of the ITO in September or before hand? ---No, I do remember that occasion, I just can't put the timing. It was sensitive enough that it should be done in that timing, but I couldn't tell you whether was the RFO. It's more likely to have been in the RFT because we were very clearly at that point - in the RFI/RFO, we moved from one to the other, it's a little bit difficult to pinpoint.

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If it occurred before the RFT, would it be of any concern or moment for you that you have such a discussion, or whether he had such a discussion?---If you go back into the RFI zone I think it becomes a little bit grey, because, as I say, in the RFI time you are encouraging discussions to inform to get information in an open environment. In the RFP stage, there is an amount of seeking proposals, and it was a free form proposal, but procurement would need to have been guiding about what can and can't be done during that period. Quite clearly, when entered into an RFT stage, that's an absolute lockdown, no supplier discussions at all.

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So you're saying, really, before 12 September, go off dates rather than names perhaps, before 12 September it might not be impermissible to have discussions with potential vendors, but one would want to see that in accordance with structured procurement guidelines or at least with knowledge of it happening in some other part of it?---Yes.

30

Probably the RFP process?---I agree, but I just have to clarify when you say "before 12 September". There's a period when you declare the RFT that, that really locks in. The history, as I understand it, it was the organisations involved in the RFO process were advised with the same letter going out to each of them that the RFO had finished, and the two, IBM and Accenture, were then going to be put through the RFO/RFT process. Now, I think there's a grey area there, once that's announced you (indistinct) technically in the RFO/RFT period, so from there right through to the tendering conclusion I think you're in the lockdown mode. Before that I'm saying it had to be right on the spectrum of that listed adjustment.

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Let me take you back for a moment safely out of the period. Let me take you to April and May and June of 07, so we're well clear of the ITO, the work here of September?---Yes.

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What do you know, if anything, of Mr Burns having informal meetings with Mr Bloomfield of IBM, I'll come to Accenture, at that time?---I couldn't pinpoint any. I wouldn't

imagine that there was a lot of activity then, we were pretty much trying to do research. At that time, that's in the five-week period, five-week review, there would have been less activity in seeking out external providers. I think that came out as a result of that, so I think it's only really in the June period that we would have started to take more focus on what our options were in regards to external.

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Now, at this time in April, May, June, did you share a room with Mr Burns as well? You said you did at some other time?---My recollection is pretty much straight after the Arena review, the five-day, 10-day period, we then moved into a room near the CorpTech management, shared services management.

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Just you two in the office?---There was at point, there was a Dianne McMillan in there. I couldn't tell you when she then moved out and left the two of us in there.

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So you're there so you can hear his telephone calls and you can see when he's there and not there?---Yes.

You speak to him on a daily basis?---Absolutely, yes.

I'll take you to a few documents to just see what you might know about this period. Could the witness please be shown volume 27 of the bundle, and could I ask you, Mr Goddard, please turn to page 1 behind the index in the first tab. Now, this is an email dated 2 May, but what I want to ask you about starts really at the third line, "I met with Terry Burns twice today." This is Mr Bloomfield saying this, Lochlan Bloomfield?---Yes.

30

Just familiarise yourself, would you, with that email, please? Now, Mr Goddard, do you have any independent recollection at this time of Mr Burns meeting with Mr Bloomfield?---No. Like I say, that would have been very early in that five-week review period, and my recollection is there wasn't a lot of activity we were driving out there in respect of externals. That period, as far as what we were scheduled to do, was primarily around risk assessment which Terry ran a lot of workshops to drive out risk, and I ran a lot of workshops to drive out time cost for items. So we weren't doing - weren't scheduled to do any sort of external organisation liaison.

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And when you say "scheduled", you're referring to what you and Mr Burns were undertaking as part of what I'm calling the May 2007 review, the one that was completed in May - - -?---Yes.

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- - - in which you said was began in the last week of April?---Yes, that's right.

And you're saying that the tasks that you and Mr Burns, on the charts that you had, were undertaking at that stage - - -?---Yes, had no consideration for any liaison, discussions with externals, we were still trying to work out what the problem was as opposed to what the solution was. That was the five-day exercise, which was to skim the surface, the next five weeks was about the depth underneath and pull out, "Okay, this is the magnitude of the problem." There was no point in that time that we were looking to say, "Now we've got a solution."

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Is this right, because at this stage one wouldn't know the way in which one wanted vendors to assist or be involved in the future because you hadn't got to that stage. Is that the point?---That's right, that was the purpose of the period through to end of May was to get that depth. In five days, you know, a person stepping in, five days' limited knowledge, they'd be hard pressed to really understand the depth of the issues that were at play. That next five-week period still would have been a challenge to cover all the dimensions and the issues at play.

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Now, do you recall being invited by Mr Burns to attend a meeting with IBM immediately before 2 May 2007, or on that day?---Which day in May, sorry?

2 May 2007?---2 May?

Yes?---I'd be surprised if any meeting should go on in that period.

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And if it had concerned the review that you were undertaking with Mr Burns, would you have expected to have been invited?---Not in that period, no.

Is that because there were no meetings taking place outside CorpTech as part of that review?---That's right. I can only sort of just emphasise again that period was all about discovering the problem. Lochlan Bloomfield would have been around as part of the activity within the program, but my recollection is there was no asks or need at that point to talk to that party.

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Now, can I take you to another document in that same bundle, please, and this is a bit further on, about halfway through the folder at page 226 or thereabouts?

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COMMISSIONER: 226?

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MR HORTON: Yes, Mr Commissioner.

Now, this is an email to, it appears, Mr Lochlan Bloomfield. Were you involved in this meeting that's said to have been scheduled Monday, 30 April at 3 pm?---I don't recall being in a meeting with Rob, no.

Now, can I take you on, please, to page 254, which is behind tab 25.5? Now, this is an email from Mr Bloomfield to Terry Burns. The date seems to be 9 or 10 May, depending on which of the dates you refer to at the top. Do you know whether this meeting took place?---No, I couldn't tell you that.

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Could we ask you to look at the second half of the page there, which is an email from Mr Burns to Mr Bloomfield? Just read it to yourself, if you would?---Okay.

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Now, to your knowledge, do you know what the proposal is that's being referred to?---No, I don't. This was outside of the RFP period of time.

You mean before the RFP period?---Yes, before the RFP period of time.

And what relevance, if any, did this email seem to have to the work that you were undertaking as at 8 or 9 May 2007? ---None.

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Do you know of any reason for the work you were undertaking with Mr Burns why an email of this kind might have been necessary or desirable?---No.

And do you know any reason Mr Burns may have had in that connection to meet with Mr Bloomfield about the work you were taking at the relevant time with Mr Burns?---No. I mean, if I look at those dates, we've only just surfaced out of the five or 10-day initial review. Normally it would have been very thin, so there would have been no reason to be meeting the suppliers at that point.

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With the work Mr Burns is undertaking about this time, 8 or 9 May that you were aware that he was undertaking but in which you weren't personally involved so far as CorpTech's concerned?---I certainly - at this point, I wouldn't think I was in - I can't recall sitting in the office with him, and he did take a lot of calls and things like that, I certainly wasn't aware of any activity, but I can't recall him being involved in any activity - I mean, I would have noticed if there was a lot of activity from the supplier, why would you be doing that in the period of time when we're still trying to explore, so no, that doesn't align with my thoughts and knowledge.

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And again, do you recall being invited to a meeting with IBM by Mr Burns on about 8 or 9 May 2007?---No, that would be - that would strike me as being quite unusual at that point in time.

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And what does your chart there show that you and Mr Burns were doing at those dates in terms of the review?---Okay. 8 May, there were two streams of activity. That's when Terry was driving through those risk assessments, so there's a rolling set of workshops he was doing that people from various parts of the Shared Services program and running many of those, and I was working with a group of people trying to drive out new forecast schedules and from that cost estimates, et cetera, trying to get that debt.

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Thank you. Now, did any of those tasks, to your knowledge, necessitate a meeting with IBM of the kind that I've just shown you with the - - -?---No.

Can I take you to page 282, please, of that same bundle, behind tab 25.9. And to start with, Mr Goddard, I'd just like to ask you about the email that starts at the very bottom of the page, which seems to be dated 14 May and runs over the page, onto page 283. So, Mr Goddard, you'll see there at the last paragraph on page 282, Mr Burns is said to be three weeks into his five-week review?---Mm.

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Does that accord with your understanding?---Yes.

And then Mr Bloomfield said his aim is to provide Terry with the suggested approach, which outlines IBM's strong capabilities, how or where IBM would be prepared to assist CorpTech and suggests, "Next steps to get us engaged." Now, in terms of where the review's at as at week 3, is there a reason, to your knowledge, to the engagement with IBM about how it might get to be engaged?---No.

30

And what does your chart show you were doing with Mr Burns in terms of the review as at 14 May 2007? What state - - -?---The same as we talked about the five days before on the 8th. So we're in that five-week period, so in a five-week period of doing those reviews, him doing the workshops, myself doing the scheduling, rescheduling.

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And were you invited by Mr Burns to this meeting with IBM that's referred to as having occurred last Friday?---Not that I recall. No, not that I recall.

To your knowledge, was anyone else from CorpTech who was involved in the review invited to attend or attended that meeting?---Not that I recall. Look, if there were any meetings, it could have been to a survey but it would need to have been happening across all the suppliers, this is all targetting one supplier so I don't know if there's any balance that was happening across others, but this - - -

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Yes. Well, that's my next question. I've shown you some documents involving IBM. Do you have any knowledge in the period I've shown you. That is, from about 2 May through to early June of Mr Burns meeting with Accenture, any representative of Accenture?---No more than I had in meeting with IBM, so no. I can only imagine there would have been a meeting or two to be introduced. Coming in with the rebuild project, it was going to have some implications of utilising some of their resources as well as where the program was going, so there might have been some introductory discussions, but the depth and the nature of what you're talking about here is totally different.

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And any meetings to your knowledge in that period between Mr Burns and Logica?---No, or with Accenture or IBM.

Now, you've talked about the depth of these meetings. What is it about these meetings that causes you to say that, causes you to put there the - - -?---I'm talking about proposals, exchange of information, they're doing things that weren't sort of scheduled eventually happen once we'd got past a horizon and got approval to go onto the next phase, so we - you know, those were activities that weren't sanctioned or wouldn't have been sanctioned until you've done - until you've got the green light for the next phase, the rebuild phase 3.

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You talk about being sanctioned. Who ought to have sanctioned if they - - -?---Well, that would go up the - that structure we talked about before so that the steering committee, board of CEOs and the treasurer, so some point up that line we'd need to have sanctioned.

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Was there any sanction to your knowledge given by those groups to this sort of contact to Mr Burns?---During the time, this period? No.

Yes?---Not that I'm aware of.

Can I just show you one more document on the same topic. It's in the next volume, madam associate, volume 28. I think it really follows on from the last one, Mr Goddard.

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COMMISSIONER: What page?

MR HORTON: It's at page 380, Mr Commissioner, behind tab 25.11, very early in the volume. So this is an email dated 2 June 2008. The part at the top of the page I'd like you to look at, 2 or 3 June?---Just the top one?

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Yes, just the top one?---Yep.

So Mr Burns seems to have delivered his report on the five-week review?---Yes.

This follows from about the time of the presentation. Were you invited to the presentation of that report?---No, I don't recall going to that presentation. 1

Now, were you involved in the meeting that's referred to in the first sentence, "I had my meeting with Terry as planned late on Friday afternoon"?---Not that I recall, no.

And again, does that fall into a category of something you think ought to have taken place or is it permissible in your view at or about the time of the reports to be delivered?---At 3 June, basically, in my view, he would need to have had agreeance by the steering committee to be moving into the next phase but the activities we're still talking about here would be advanced within that particular next phase of work. 10

And when was authority given to proceed to the next stage, to your knowledge?---Oh, I couldn't pick an exact date but it would have been dependant on that report that this refers to, going to that group and getting agreeance. Doesn't actually say here whether they approved it. The implication is that it's approved, so it would have been on or around that time. It's the end of that five-week period of May, so it would have been in that zone that we - management would have been considering it, giving the agreeance for the next phase or not. 20

Yes. Is it possible, though, that this meeting's limited to discussions about IBM filling the PMO role, because you'll see from these dot points the PMO's mentioned, was that foreshadowed at one stage that IBM might fulfill that office?---Not that I've had discussions. I mean, it was going to be an over the market arrangement. There was certain discussions around SMS because it wasn't clear what ownership SMS had on the PMO. SMS, as we understood, was one of the 11 suppliers or ESPs and they had, basically, the PMO charter over the two files there, that seemed to be not utilised fully. I think they'd been through a period and they'd backed off with how much PMO activity was being given to SMS, so to go down the PMO line, I can see why he's mentioning SMS because they may have some ownership of it under those arrangements, but as far as giving it straight to IBM, no. 30

And what would have been involved in IBM coming to PMO? What sort of role does it entail?---This one, we're looking for a PMO lead, so management, it would have been a senior person. On the scope of the rebuild, you know, fairly large piece of program of work and would probably eventually need a team underneath them to bring that team together - - - 40

And would that have warranted a tender - - -?--- - - - but that - - -

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I'm sorry. Would that have warranted at ender process, in your view, in order to make that sort of - - -?---Yes, and it did, it did actually go through a tender process that Anthony closed on.

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Yes. Do you have a view about the propriety of Mr Burns' meeting with IBM about the subjects that those emails have revealed?---Do I have a view?

Yes?---I'd say that is not appropriate at that point in time; it's targeting a specific supplier and giving them a heads up.

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And do you know if - - -

COMMISSIONER: It seems also suggested, looking at the second dot point, that having given his report to the steering committee the following morning, that afternoon he was telling Mr Bloomfield what he discussed with the committee. Was that appropriate, in your view?---No, unless the steering committee sanctioned - it said in the top the steering committee agreed to proceed with discussions with IBM, so if there - if they'd sanctioned that, it probably was okay and the implication of sanction.

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MR HORTON: And are you aware of any similar contact occurring between Mr Burns and Logica, and/or Accenture at or about this time?---No.

Is that a convenient time, Mr Commissioner?

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COMMISSIONER: Yes, it is, Mr Horton. We'll adjourn until 10.00 in the morning.

THE COMMISSION ADJOURNED AT 4.30 PM UNTIL
WEDNESDAY, 20 MARCH 2013

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