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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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

IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 12/03/2013

Continued from 11/03/13

DAY 2

**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.

**SALOUK, MARCUS** called:

COMMISSIONER: If you wouldn't mind.

MR DOYLE: Mr Commissioner.

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Mr Salouk, through your lawyer you've made known to me that you want to clarify something about a question I asked you yesterday?---Yes.

And that concerned the ITO's provision for an option one and an option two?---That's correct.

Just so we can refresh our memories?---Yes.

The option two would be the same work as option one but with additional work done for each of the agencies to develop their own internal systems to cooperate with the shared system?---Correct.

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That would be a fair way to put it?---That's correct, yes.

So option two incorporates option one?---That's right.

I think it's right to say yesterday, with some hesitation, you agreed with me that Accenture put in an option two bid? ---Yes, I wasn't sure, yes.

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Have you since checked it and was it the case you've put in an option one bid. Is that correct?---Yes, thank you, thank you for the opportunity. What I had - I just had another look at the ITO and the ITO required that tenderers provide responses to both options, and that was section 5.3 of the ITO. I just wanted to clarify that Accenture's price of 175 million was for option one. Accenture did provide some best estimate pricing for option two depending on the size of the agency. That wasn't included within the 175 million and that was also clarified in Accenture's response to clarification question number 18.

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Thank you. I won't trouble you. Was that a clarification on 10 October 2007?---I don't know.

Doesn't matter. And for other people's references, it's volume 24, page 218. But I'd just ask you to be shown, if you could, volume 18. Do you have that?---Yes, I do.

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Page 656?---Yes.

Do we have there, in the sense of summary of some of the figures that you've been speaking of, of the last day? ---That's right.

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And the schedule shows Accenture implementation and a figure that adds up to the 175 million-odd that you've spoken of?---Yes. 1

And that's for the RFO, which you've called it?---Yeah.

And then Accenture implementation on the right-hand side of 176 million?---That's correct.

If we look back to the left-hand side, in addition to Accenture implementation, there's Accenture production support of a figure - I don't know if that's been spoken of before but you can read the figure?---Yes. 10

Is that itself taken into the 176, which appears on the right-hand side, or is it - - -?---No, it's over and above both the 175 and the 176.

Okay. So for the Accenture production support on either approach, the RFO or the RFI, it's an additional - - -? ---That's right. 20

- - - thing. And if you turn, please, to page - sorry, is that figure one that you would see as commercially sensitive if I would read it out?---I believe Accenture would believe it to be commercially sensitive.

Okay. Well, I won't. If you turn, then, to page 676. This is all part of Accenture's response to the ITO? ---Right. 30

In the columns under heading Costs Items, if you go down about six items, you'll see one commencing Agency Implementation Project Teams?---Yes.

And behind that, then it says "option two". See that? ---Yes, I do.

Is this an item of the additional cost which you are estimating for the performance of option two work, if I put that way?---Yes, that's right. Under option two, it may have been the case that a small agency, one small agency may have needed assistance. It may have been the case that one large agency may have needed assistance, and so Accenture's price includes a best estimate depending on the size of the agency. 40

Sure. I just want to understand the format. So that - - -?---Yep 50

There's a figure there; is that a figure which you would view as commercially sensitive?---I expected Accenture would believe it's commercially sensitive.

All right. If you just go down that column, then, there's a number of items which have against them the description option two?---Yes. 1

And a best estimate per agency?---Yes.

See that? There's four of them?---Yeah.

Is it the case that for the performance of option two work of that kind, the best estimate you can make would be these various figures for each of the departments or agencies that wanted that work done?---That's correct. And again, depending on the amount of the court that those agencies require. 10

Okay. And whilst we touched on this yesterday, "agency" here means the department or the governmental institution that is to receive these shared services?---That's correct.

Thank you. You can put that aside now. You've had occasion recently at least to look at the form of the pricing component of the IBM response to the ITO?---Yes, briefly, yes. 20

It's the form, what I'm asking about?---Yeah.

Schedule against item 1A, item 1B and so on?---Mm'hm.

You know, don't you, that's the form that is prescribed in the ITO itself as the form that the pricing is to take? ---Yes. Although, I didn't compare it to the ITO schedules. 30

All right. You know generally that's the form that the ITO contemplated pricing would be provided in?---I don't - I can't speak about IBM's pricing form.

Okay. Thank you. Do you know someone called David Ekert? ---David Ekert? Yes, I do. 40

And who is he?---David Ekert was a contractor on CorpTech and previously worked for Anderson Contracting, and prior to that Queensland Rail.

Right. He's a contractor of CorpTech, contracted to CorpTech?---I believe so, yes.

All right. Do you know a company called Diversiti, spelt D-i-v-e-r-s-i-t-i?---Yes, that's correct. Yes, I do. 50

And did Mr Ekert have any association with it?---Yes, yes, he was part of Diversiti at one point.

Right?---Yes.

And was Diversiti part of Accenture?---Yes, it was.

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Thank you. Now, next, can I ask you this - have you got your statement still with you?---Mm.

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I'd like you to go to paragraph 108. To put this in context, this is a discussion you had in early 2009 with Mr Grierson?---Yes.

I don't want to ask you about that; I want to ask you about something you said in paragraph 108?---Mm'hm.

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You say in the last sentence, just read that to yourself? ---Mm'hm. Yes.

The view you were expressing, can I ask you, was this: that if one were to try to develop a standalone HR and finance system for Queensland Health, it was your view that would be a very complex project, highly risky and highly costly?---Yes, that was my view, yes.

And would it be fair to say that you were saying that to Mr Grierson at the time because it was your understanding at the time - that is in February 09, that's what in fact what the health project was turning into?---Yes. My understanding was that IBM was going to be contracted to undertake Queensland Health payroll.

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As a standalone - - -?---Yes.

- - - project?---That's right.

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With HR and finance systems?---I thought it was HR rostering and payroll.

Okay?---Mm'hm.

But that - to do such a thing as a standalone project would be complex, risky and costly?---I believe so.

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All right. When Accenture puts the proposal forward in response to the ITO it was to develop the Queensland Health systems, payroll and rostering and whatever else was involved, as part of the roll-out of the whole of government shared services regime, wasn't it?---That's correct.

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And indeed, it was contemplated to be a deferred part?  
---Correct.

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I think release 8 in Accenture proposal?---I can't recall, but, okay.

Which, of course, you'd accept is a completely different proposition to doing it early in the program or as a stand-alone project?---Yes, that would be my view.

Thank you. Now, can I ask you to go to pg? Now, can I ask you to go to paragraph 111, please, of your statement, and I just want you to read the second sentence for yourself?  
"I recall that soon after IBM started on the project people within the department who had key skills were lost"?---Yes.

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By IBM starting on the project, you mean when, roughly?---I don't know exactly. I think early to mid-2008.

Right?---Yes.

And it's your understanding from what you observed or what you heard?---From what I heard, yes.

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That people with key skills within the department left?  
---Yes.

And by the "department", you mean CorpTech?---CorpTech, yes.

And by "key skills", you mean IT related skills?---IT and people that had corporate history, corporate knowledge, yes.

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Who knew about the project and knew what was involved?  
---Yes.

Who had an understanding of what the various agencies required or expected?---Yes, possibly. I don't know who the individuals were.

But the kind of things you described as "key skills" would be that kind of knowledge?---Yes, I imagine so.

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And the ability to give effect to it, to do something about it?---Possibly.

Thank you. And that, you see, is a significant negative, if you like, in terms of the progress of the implementation

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of the shared services project?---To be frank, I really didn't pass judgement, it was more an observation. 1

Okay. Paragraph 112, please. You refer to a consulting company called Arena?---Yes.

And then can you just read the next sentence to yourself? ---Yes?

Are they your words or did someone type that for you and you agreed with them?---Are you referring to - - - 10

"I do not know what relationship they have - - -"? ---Relationship they have with IBM.

"- - - with IBM"?---I beg your pardon, I mean to say "they had with IBM".

If any, can I suggest to you?---Yes.

You don't know if they had any relationship?---Correct. 20

So that the commissioner ought to understand your sentence, "I do not know what relationship they have with IBM" - - -?---If any.

- - - to mean "I do not know what relationship, if any, they had with IBM"?---Yes.

Okay, thank you. Now, later on, and this might be another semantic point, can you go, please, to paragraph 120? Just read 120 and 121 to yourself, please?---Yes. 30

You refer to Mr Burns having carried out a recent project, that is, in about 2006 in New Zealand?---Yes, I wasn't sure.

Okay. Well, it's just a matter of words, really?---Yes.

You say that you recall that he carried out that project for IBM?---I believed that he was associated with an IBM project possibly in New Zealand around that time. 40

All right. You're not suggesting that he worked for IBM - - -?---No.

- - - but rather that both IBM and he may have worked on the same project?---Yes, possibly. Yes.

All right. And ought to be the same understanding with respect to 121, is it?---Yes. 50

When you refer to "work conducted for IBM", you mean work conducted by him for someone else but on the same project that IBM may have worked on?---Yes, I mean that my

understanding was that he worked on a project with IBM possibly in New Zealand around 2006. 1

Okay, thank you. Paragraph 126, please. Read it to yourself. Why is this in your statement?---It's the only interaction, if any, we had with Mr Bloomfield during the bid.

And who told you, who is the Accenture staff member, do you recall?---I can't recall. I can't recall. 10

Thank you. Nothing further, sir.

COMMISSIONER: Yes, thank you, Mr Doyle. Mr Flanagan, anything in reply?

MR FLANAGAN: Subject to any questions from you, Mr Commissioner, may Mr Salouk be excused?

COMMISSIONER: Yes, of course. Mr Salouk, thank you for your testimony and thank you for the assistance you have given the commission, we're very grateful?---Thank you very much. 20

You are free to go, thank you.

WITNESS WITHDREW

COMMISSIONER: Before you move on, Mr Flanagan, I have drafted some orders after yesterday's discussion about the preservation of commercial confidentiality. Can I show you all a copy of what I've done? You might want to give me an answer now, but can you look out and let me know whether you think it will meet the situation? Mr Doyle, can you let us know the name of the in-house counsel? 30

MR DOYLE: Yes, I can. I can do that now, if you like?

COMMISSIONER: Yes, thank you. 40

MR DOYLE: Jason Dixon.

COMMISSIONER: J. Dixon?

MR DOYLE: Dixon, D-i-x-o-n.

COMMISSIONER: X-o-n?

MR DOYLE: Yes. 50

COMMISSIONER: Have you got his undertaking?

MR DOYLE: It's been drafted. Sadly, we've had a bit of attrition in our team overnight, I'm sorry to say, but we'll get it signed.

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COMMISSIONER: All right. Well, let me know perhaps after the luncheon adjournment or tomorrow morning whether you think this is satisfactory, and you might get me the undertaking. 1

MR DOYLE: Thank you.

COMMISSIONER: Yes, Mr Flanagan.

MR FLANAGAN: Yesterday I tendered a copy of Marcus Salouk's statement. Now, may I replace that exhibit with the original statement? 10

COMMISSIONER: Yes, of course. It will still be exhibit 5.

MR FLANAGAN: Mr Commissioner, I call Michael Duke.

**DUKE, MICHAEL JOHN** sworn: 20

COMMISSIONER: Sit down please, Mr Duke.

MR FLANAGAN: Could you give your full name for the commission?---It's Michael John Duke.

Are you presently employed as the general manager of CSC, which is an information technology and services company? ---I am.

And have you signed a statement in relation to this commission of inquiry, dated 7 March 2013?---I have. 30

Would you look at this document, please? Is that your statement?---Yes, that's the statement. Yes.

And it's dated 7 March 2013?---Yes.

And at the end of that statement you've declared the contents of that statement are true and correct to the best of your knowledge and belief?---Yes. 40

I tender that statement, Mr Commissioner.

COMMISSIONER: Mr Duke's statement is exhibit 7.

ADMITTED AND MARKED: "EXHIBIT 7"

MR FLANAGAN: Mr Duke, it's the case, is it not, that you've had close to 30 years experience in the information technology industry?---Yes. 50

And you commenced work with Logica in 2003?---Yes.

In 2005, did Logica win a contract with the state of Queensland?---We did.

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What was that contract in relation to?---It was a contract for whole of government SAP finance implementation, there was also a second contract for whole of government document records management implementation.

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All right. And was that contract awarded after a tender process?---It was.

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Do you have a recollection of that tender process?---I do. 1

What did it involve?---It involved submission of response - so if both responses had followed the government process, the RFP was advertised through the appropriate governmental portals. Our company qualified that response and responded to the tender documents in a competitive arrangement.

Did you recall how many questions were asked of Logica and the other tenderers in respect to that 2005 tender process?---I don't recall quite the number of questions of that particular - of those two tenders, how many questions were asked, sorry. 10

Now, what was Logica's role in relation to the state government's Shared Services Initiative after being awarded those two contracts?---Logica was essentially a partner, responsible for the provision of software and the implementation of that software across the government agency. 20

In carrying out that contract, did you deal with CorpTech?---I did.

Who from CorpTech was your main contact?---Darrin Bond.

Thank you. Now, if I can take you to paragraph 6 of your statement, you state that in the latter half of 2007 following a request for information, Logica provided a response to a state government request for tender for Shared Services Solution replanning project, the RFP was about confirming the capability of organisations to provide the state government stipulated requirements. Logica had completed a significant amount of work for the state government prior to 2007. You refer there to Logica being involved in a request for proposal process after a request for information had taken place. May I take you to volume 6 of the documents, page 13?---I think I got my terminology slightly wrong there. We had a lot of tendering going on at the time so I think that's - there was an issue in RFP for HR payroll which we responded to, and then a request came up from the SSS program to respond to this particular situation, which is I think - it wasn't termed an RFI but it was like an RFI essentially. 30 40

Right. And the process started, did it not, with this letter which you can take it from the commission was sent or about 2 July 2007 and if you look at the second page of that letter, it required information proposals to be forwarded electronically to Mr Terry Burns by 5 pm Thursday, 12 July 2007 - just stopping there from your own recollection, did Logica send an information proposal to Mr Burns?---We did. 50

All right. You will see there, "You will be provided with an opportunity to present your proposals to the evaluation

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team on Friday, 13 July 2007." Did Logica present or make a presentation or give a presentation to the evaluation team on or about Friday, 13 July 2007?---We did. 1

Mr Duke, do you have any recollection of you and other representatives of Logica meeting one on one with a Mr Keith Goddard at or about this time?---I don't recall meeting him one on one with Mr Keith Goddard.

Do you know Mr Keith Goddard?---I do. 10

Who was he?---He was a member of the - I think he was a member, if I recall correctly, a member of Terry Burns' team and he formed strike 4 (indistinct) through the SSI initiative reprogramming.

Do you have any recollection of a one-on-one meeting with Mr Goddard without any other persons from CorpTech being present?---Not with Mr Goddard per se, no. 20

All right. A meeting on or about 3 July 2007?---I can't recall, I'm sorry.

Do you have any recollection then of having a one-on-one meeting on or about 5 July 2007 with Mr Terry Burns?---Yes, yes, I do recall meeting with Mr Burns and a colleague; yes.

When you say "and a colleague - - -"?---Yes. 30

- - - was it a colleague of yours or a colleague of Mr Burns?---It was a colleague of mine, correct.

Okay. Can you tell the commission who else was present at that meeting?---So there was myself, Terry Burns and Roland Baier.

Who is Roland?---Roland Baier was a Logica employee at the time. 40

All right?---He worked with me on this particular proposal.

Now, can you tell the commission what was said at that meeting or first of all, what was the purpose of that meeting?---We had requested the meeting to validate this particular process and the meeting with Terry Burns was in his office and it went - Terry Burns is very much focused on just the process that he was following pretty much to the letter of the document that he had provided, and that was very much the nature of the meeting, it was very process sort of orientated. 50

Was the reason - or can I suggest the reason you contacted Mr Burns for this meeting was because he was the contact person identified in the letter that was sent to Logica and others on or about 2 July 2007?---Correct.

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Now, I know it's some time ago but doing as best as you can, can you give the commission the effect of what was?---The meeting was more to do with confirming the process and the situation we found ourselves in was that Logica had been delivering the finance package across Queensland Government and for whatever reason, the government had opted to bring that particular piece of work into this new initiative with the purpose of finding one prime vendor to effectively be accountable for the full delivery of the remainder of the SS program, so we were positioning - our position was that we wanted to potentially split up the proposals so that we could be considered, our offer to continue with the SAP finance would be considered in its own right.

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As at 5 July 2007, Logica had been involved with CorpTech in the roll-out of the Shared Services Initiative in relation to SAP finance software. Is that correct?---Correct, yes.

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By around 5 July 2007, how many departments had Logica with CorpTech installed, the finance package?---I think we had estimated that we probably completed about 80 per cent of program work as it stood at the time.

I see. To be clear, Logica under its contracts was not involved in any way with the HR payroll or rostering roll-out, was it?---Correct; we weren't.

But you also were involved in document management. Is that correct?---We were.

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Now, for the roll-out of document management in the various government departments, how many government departments as at 5 July 2007 had received the roll-out in relation to document management?---So the roll-out of document management wasn't mandated so it was an option for government departments to take it on at their leisure. I think we had roll-out to three government agencies at the time; Justice, Treasury and one other.

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Now, from your own knowledge, approximately how many Logica employees were involved with CorpTech in relation to the roll-out of both document management and finance?---There was probably some 80 employees using across those programs.

Were they physically present at CorpTech?---At CorpTech or at the agencies they were doing all that implementations.

I take it that the finance package for Health had not been rolled out at this stage?---It was in probably the planning phases each - it was sort of being done in parallel with the agencies so various work would have been undertaken to do preparatory planning work around that. I'm not sure exactly when. I would have to look at the schedules and whatnot as to when it was made for documentation.

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Just returning to your meeting with Mr Burns with your colleague, apart from that meeting on or about 5 July 2007, did you have any further one-on-one meetings with Mr Burns?---No, we did not.

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You have said that you did not have any one-on-one meetings with Mr Goddard and that remained the case throughout the entire tender process?---I can't recall having meetings with Mr Goddard.

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All right?---I did meet Mr Goddard but I can't recall if it was one on one or in other meetings or presentations that we had provided.

Thank you. On the other occasions you met Mr Burns or made presentations in the course of this tender process, there were other CorpTech and Queensland Treasury members present. Is that correct?---Correct.

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In relation to the roll-out by Logica and CorpTech of the finance packages and the document management packages, from your own knowledge, was there a delay in that roll-out?  
---No, there wasn't - well, again, document management was subject to the agencies agreeing to roll out the finance program whilst it on flowed with changes, as a big program does, it was pretty much on time.

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Right. Did you become aware of the first HR roll-out by CorpTech at the Department of Housing?---Yes.

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Did you become personally aware of the problems that were being counted in that regard?---You hear rumours that it was deployed to a level where Housing were happy with the deployment.

Right. To your knowledge, did that deployment take longer than anticipated, both by CorpTech and its subcontractors?  
---I can't comment on that.

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Right. Were you one of the subcontractors involved with CorpTech in the roll-out of any HR aspect with the Department of Housing?---No.

Was that Accenture?---Yes, I believe so.

Thank you. May I take you then to the same volume, volume 6, page 34? I appreciate, Mr Duke, it's not your document, but it would appear from that document that Logica in fact provided a response to the request for information?---We did, yeah.

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Thank you. Do you recall how substantial that document was?---The - I can't recall because there's so many things but I think that offer was - we did spend quite some considerable time going through how we would deploy the HR payroll program, so - but then we ended up having to put a slightly bolted version forward because we decided to go for a partial response rather than a full response.

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Right. It's the case, isn't it, that Logica, without putting too fine a point on it, had been relatively successful, in corporation with CorpTech, of rolling out the finance SAP software packages in various departments. Is that correct?---I believe so, yes.

And Logica was desirous of continuing with that work for the roll-out of the Shared Services Initiative, at least in relation to finance for other departments?---Correct.

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And in the sense of you participating in this tender process, one of the aims of Logica was to hive off from both of the request for proposal and from the ITO, that part of the business that Logica had briefly been doing. Is that correct?---Yes, correct. That's right.

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And previously doing, in your view, successfully?  
---Correct.

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Okay. Thank you. Can I ask you this: what was your view of packaging all this together, finance, rostering, HR, in terms of payroll and rostering, I should say, document management, recruitment, for a Shared Services Initiative no longer managed by CorpTech but through a prime contractor model for the continuing roll-out of this Shared Services Initiative?---Our view was that it was a very high-risk approach that the government was taking and - - -

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Can you explain some of those identifiable risks in your own mind?---Together those different work streams would have been quite a considerable effort. It required the highest level of competencies and costing capabilities. So for us, it didn't make sense why the particular finance work would have been bundled into that and it was been - it was, you know, had a program of work, it was being tracked well, it was on time, it wasn't - it was delivering the right outcomes as far as we were concerned as per the government's requirements, so we looked at that. Then when we looked at HR payroll, to try and package and bundle the whole HR payroll program as one way to execute also became, in our minds, a high risk approach and we offered the government strategies to break that up into parcels of deployment, so our strategy was to break it into three chunks, parallel deployment, potentially with three different partners, delivering and responsible for their chunk of work, with health being one bundle, education being a second bundle and the other government agencies, and Main Road Transport being the third party.

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COMMISSIONER: I'm not sure I fully understood. What were the risks you foresaw?---The risks of payroll we looked at, each agency had different award systems and different employment conditions, so Health is different to, for example, Main Roads, so all the business rules and the business processes to treat all those different working conditions and trying to configure that into the payroll system and the rostering systems was quite a complex task, and to do it in a consistent way across all those agencies seemed to be very high risk.

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All right. Thank you.

MR FLANAGAN: We'll come to - - -

COMMISSIONER: The risk is obviously less than - if I follow you correctly, the risk is less than if you're introducing or implementing a payroll system for one agency and one department as opposed to different departments with different requirements?---That's right. The risk is different but the cost might be more, so it's always trading off costs and risk. So some agencies that had similarities, you can consolidate and potentially deploy

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them in a cross agency payroll system for them, so that's what you're always trying to consider. 1

All right. Thank you.

MR FLANAGAN: Thank you, Mr Commissioner. We'll come to the document shortly, but in response to what is called the request for proposal process, did Logica put in a full proposal in relation to the roll-out of the Shared Services Initiative for not only finance but HR, recruitment, rostering for the full Shared Services Initiative throughout the whole of government?---So you're talking about this document, the SSI reprogram ITO? 10

Yes?---No, we did not in the end.

When it came to, however, responding to an email from Mr Burns requesting a proposal from Logica, did Logica put in a proposal for the whole roll-out?---We did not put in a proposal for the whole roll-out. 20

Can I just clarify - - -?---Yes.

- - - so the RFPs that came out for finance and then HR payroll back in 2004, we did respond to that RFP. That's where the 4000 questions, 16,000 responses. We weren't successful in that tender; that was awarded to, I believe, Accenture and partially to IBM.

All right. Thank you. May I take you to volume 6, page 41 then? This is an email from Mr Burns to Hugh Bickerstaff and Mike Duke, yourself. Who was Mr Bickerstaff?---He was the delivery executive and was responsible for the delivery of these sort of programs of work. 30

Do you recall receiving this email from Mr Burns?---Yes, I do.

All right. How did you view this document?---I think it was taking - this was trying to get us to go from the sort of concept work that we'd been doing to date, to actually providing a firm proposal and confirming what we were doing, we're not doing. 40

Having dealt with government before, Mr Duke, and having been involved in a request for proposal processes before, is this the type of request for proposal and the form of email that you were used to?---It's a little unusual but I suppose considering that we'd already responded to huge RFP documents and been short listed and those things, it was - it is an unusual way to seek - an email to seek that. 50

In any event, Logica to provide a proposal in response to this email?---We did but we - we did absolutely provide a response but we did clarify that we weren't able to be the prime contractor.

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All right. Can I take you to - - -

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COMMISSIONER: Mr Duke, can I clarify something? You say this is unusual, what would the usual form be?---Usually you'd have about another 50 pages of various terms and conditions of trying to actually engage under that. Again, because we'd already had contracts in place, the potential - maybe they were trying to hasten things along by just getting to the heart of what was done and then put the terms and conditions around any proposal afterwards.

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But you understood you were being asked for a firm proposal - - -?---Yes.

- - - to take on the role of prime contractor?---We had, yes.

Yes. Thank you.

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MR FLANAGAN: May I take you then to volume 8, page 898? You should have there a 143-page document?---Yes. 1

Was that Logica's response to Mr Burns' email?---It was indeed, yes, that's correct.

All right. Why was this response so substantial?---It's a fairly big piece of work. It was trying to also influence the way the program would go, be deployed going forward. 10

You recall from the email you received from Mr Burns that a request was made for you to provide cost ranges and time scale ranges to complete the scope as defined in your approach?---Yes I do.

The email continued:

*We understand that these are price ranges only but we are anxious to use these costings and time scales to determine who we move forward with into detailed negotiations on any of the identified engagement options.* 20

Now, when Logica provided this 143-page response to Queensland Treasury what was your understanding Mr Duke as to the next step in this process?---That we'd be asked to firm up those responses around a more formal - going from more the concept approach into what was actually being offered. 30

All right. When it says, "To determine who we move forward with" did you understand that to mean that of those persons or entities that provided responses to the email from Mr Burns that of those responses it would be determined that a number of entities would be moved forward with into a second process, namely, a formal invitation to offer? ---That's a good question. I'd have - I don't recall how I interpreted that, whether it was - it would be a further request, you know, best and final offer-type clarification, then to pick one prime contractor to go forward with - - - 40

Could I ask - - -?---I don't know whether there was - yes, I'm not sure if I recall whether I thought that was it or whether or not there'd be another step.

All right. If you knew there was going to be another step would you have drafted a different response to Mr Burns' email?---No, we would have been pretty consistent with what was offered here as a partial response or the finance and other system functionality. 50

Did you yourself have any concern that the pricing detail and the structural detail in terms of Logica's roll-out of the Shared Services Initiative may be leaked to the market?---No, I hadn't. I had no concerns at that time.

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DUKE, M.J. XN

Thank you. Can I just press you then on your best understanding now, as you sit there - was it your understanding that from the request for proposal, being Mr Burns' email, that the government would enter into negotiations with one party?---Yes.

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May I take you, whilst we're on this document, to page 984? Is it correct to say that this schedule contains a summary of outcome estimates of Logica in relation to those first five items indentified?---Yes.

10

Then at the next five items identified at the bottom half of the page are not priced, is that correct?---Correct, yes.

Right. If I just take you to paragraph 20 of your statement Mr Duke so that we can understand this. You say the price indicated by Logica in its response to the initial HR payroll RFP - not just stopping there. Is that what you're referring to?---No, that's not. I was referring to back at the 2004/2005 RFP price.

20

So when we take it that the range of figures identified here of \$84.7 to \$116.8 million is that only in relation to those first five items of work?---Correct.

Why was it that the next five items of work weren't the subject of costs estimates by Logica?---If I recall at the time we felt that we didn't enough information to put even a rough (indistinct) estimate for those particular items at that time.

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Right, thank you. Now, when you came to actually put in a response to the invitation to offer did you put in an even more limited response?---I can't recall exactly what the response was after this particular document, whether this was our final document or whether we had another document following that.

All right?---Sorry, it's going back some time.

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That's all right. We'll come to that.

MR DOYLE: Is this a convenient time, Mr Commissioner - it appears we don't have the statement that's being referred to. We've had a statement. I must say when the statement was tendered I rather thought it was the one we had.

COMMISSIONER: Yes of course.

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MR DOYLE: I wouldn't mind being given the other one so I can have a look at it if it's convenient.

COMMISSIONER: Mr Flanagan there's been a change of edition has there?

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DUKE, M.J. XN

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MR FLANAGAN: Yes there has so we'll just provide - - - 1

COMMISSIONER: Yes.

MR FLANAGAN: - - - the statement to my learned friend.

MR DOYLE: Mr Commissioner I think we will have to adjourn for a short time because we don't have additional copies of the second statement of Mr Duke and neither the Crown nor Ashurst have copies of that statement at this stage. 10

COMMISSIONER: I see. All right, have we got spare copies?

ASSOCIATE: (Indistinct).

COMMISSIONER: No, all right. We can't help with sufficient copies. All right, let me know when you're ready and I'll come down. 20

MR DOYLE: Thank you.

ASSOCIATE: All right, the commission is adjourned.

THE COMMISSION ADJOURNED AT 10.55AM UNTIL 11.09AM

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THE COMMISSION RESUMED AT 11.09 AM

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COMMISSIONER: Yes, now, are things sorted out?

MR FLANAGAN: Yes, it is, but another issue has been brought to our attention, which is with the live streaming private conversations as between counsel and solicitors at the bar table are being picked up by the live streaming. I know there's a mute button but sometimes even that doesn't seem to work to stop the conversations being picked up. So we'll have to look at that from a technical point of view.

10

COMMISSIONER: Yes, that's a real problem.

MR FLANAGAN: Yes.

COMMISSIONER: Well, if it can't be fixed I suppose we'll just have to stop the live streaming, but you might take advice, Mr Flanagan, from those who are competent to give it - - -

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MR FLANAGAN: Yes.

COMMISSIONER: - - - and see if it can be addressed.

MR FLANAGAN: Thank you, Mr Commissioner.

COMMISSIONER: All right. In the meantime, I suppose, you are all on notice.

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MR FLANAGAN: Mr Duke, may I show you, now, the invitation to offer which was issued on 12 September 2007, which you'll find in volume 12?---And what page?

It's the entire invitation to offer. So if you just go to page 5, please. Do you recognise that as being the invitation to offer that Logica received on or about 12 September 2007?---Yes, I do.

40

Now, that invitation to offer involved the shared services initiative being rolled out in the whole of government both for finance, which Logica was presently doing, HR, which involved both payroll and rostering and recruitment and other management systems. Is that correct?---Yes, other system functionality. Yes.

What decision was made by Logica in responding to this particular invitation to offer?---So Logica decided to not respond to the full ITO, but to do a partial response.

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And why was that?---At the time, the executive leadership team of Logica felt that the risk of responding to - as a prime contractor for the whole parcel of work - was a risk that Logica was not willing to take.

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DUKE, M.J. XN

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All right. Thank you. May I then take you to Logica's response to the ITO, which is actually contained in volume 16, please?---Volume 16? **1**

16. Mr Duke, may I first ask you to recognise that as Logica's response to the ITO?---Yes, that's our response.

And in relation to the limited nature of Logica's response, may I ask you to turn to page 14?---Yes. **10**

And there you'll see under item 1.1: program delivery, Logica CMG is proposing to be the prime contractor for the finance and OSF for program. OSF stands for "other SAP functionality", does it not?---Correct, yes.

And other functionality would include what you talked about already in document management and the like?---It included procurement and testing and migration and so forth, yes.

All right. And that reflects that Logica was not interested in tendering for the shared services initiative roll-out in relation to HR?---Correct. **20**

Thank you. Then, in any event, Logica did, if you turn to page 255, provide pricing for the part of the tender that it was responding to. Is that correct?---Correct.

Now, without going through these full pricing schedules, it's been asked before in terms of the way that you structured your pricing schedule, was that in accordance with what was required under the ITO?---Correct. **30**

And was it item by item pricing, and in this respect Logica only priced that which it was tendering for. Is that correct?---Correct.

Now, just doing as best you can from your own memory rather than analysing the figures in this document, what was the estimate of the price that Logica was tendering in order to carry out the finance and other SAP functionality?---I think we had the summary site up there from the presentation, which is about 120 million, 118 million, I think it totalled to be. **40**

All right. Now, are we to understand, then, that the 116 million in that presentation which was your pricing for the RFP, are we to understand that 116 million represents the price Logica was ultimately tendering for the provision for the shared services initiative of finance and OSF? ---Correct. And a program office and some other aspects, yes, that's right. **50**

Can I just ask you to check that, because it's important for us?---Yes.

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DUKE, M.J. XN

And can I take you back to the document which I showed you before, which was the response of Logica to the RFP? If I could take you to volume 8 again, and in volume 8 would you please turn to page 984? And I'd like you to take your time in examining this document and these figures, but was your last answer to the commission correct, namely, that those figures represent a limited response of Logica to the shared services initiative roll-out which included only finance and OSF?---It does, because if you go back to the start of the particular areas, page 937, for example, you can see what was actually included in the scope and outer scope of work for each of the packages. And we were quite explicit saying that outer scope was HR and payroll and what was in scope, so there was some things such as interface to Legacy payroll, because finance systems do need to interface to payroll systems as the money flows. So those particular packages 1 through 4, plus the program office pretty clearly defined that those processes were, both the low and the high side of where we felt we could execute that particular scope to pick up certain aspects, technical upgrades and so forth of existing systems in, for example, main roads, transport, technical upgrades. So a technical upgrade is really looking at the platform that SAP is running on to actually handle the increase in changes that will then support both finance implementation and SAP functionality and so forth. So those scopes were very clear and that was our price to do those particular scopes, and outer scope was HR and payroll.

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Can I take you, then, back to paragraph 20 of your statement where you state that, "I've been informed that CorpTech's remaining budget for the shared services initiative roll-out was \$108 million"? Do you see that? ---I do, yes.

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You expressed this opinion, "I am of the opinion that the proposed roll-out could not be achieved within this budget." Would you assist the commission by giving the commission the basis for your opinion?---We hadn't included HR/payroll in our estimate, it's just to do the finance technical upgrades, and some other system functionality would have been between 85 and 116 million. So to do HR and payroll on top of that, well, I still feel that 108 million would have been, with certainly the strategy we would have executed, it should have been about to deliver it at that price.

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What would you say to an estimated figure in the order of 78 million to 97 million to complete the entire roll-out as contemplated by the ITO?---It all depends on what the scope and assumptions were and constraints they put around that particular price, and I don't know what that was.

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DUKE, M.J. XN

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All right, thank you. When did you first meet Terry Burns?---Terry Burns, we were invited to attend a particular industry presentation and Terry Burns introduced himself on that particular presentation that he was coming in to assess the SSS program.

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What did you understand his role to be?---He was going to look at ways to look at the SSS program to see if there were ways to improve time and value from the particular program to do - - -

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THE COMMISSIONER: Mr Duke, can we go back to the answer before. You say to explain a tender price of about \$90 million or thereabouts for the roll-out of the Shared Services programs, you would have to look at the scope that was offered and the assumptions that were made. When you say that, do you mean the scope would have to be restricted?---So there could have been elements of the scoping where they could have said, "Look, perhaps this part of the particular module in SAP is not important at this time. We might do that in some future phase and won't make it part of this scope," so there could be - for the ways that you could constrain the scope.

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A reduction of what was being offered for that price?---Correct, so people could decide to set the scope differently and then price it accordingly to that, saying, "The scope, we believe, should be this," and then put boundaries and, you know, constraints around that particular scope.

30

What assumptions would alter or affect the price?---Assumptions could be availability of, you know, public servants to work on the program under the contractor's direction, for example or vice versa.

Can you transfer the costs from the contractor to the government?---Not just cost but also control. Different government arrangements so that if a decision had to be made, rather than have every DG being part of the decision-making process, have one person accountable for making the decision, thus reducing cycle times of decisions and so forth.

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Thank you.

MR FLANAGAN: Can I just take you back to the RFP process and Mr Burns' email which caused Logica to provide that \$143-page response? Did Logica ever complain to Queensland Treasury or CorpTech about that process in the sense that CorpTech and Queensland Treasury should not proceed to contract after that process?---I think we complained but I don't think we were listened to, if I recall. The government always reserved the right to reassess its contracts so they were probably just, in my mind, you know, we had put our position forward pretty frankly as to what

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we wanted to do and felt should be done. We had hoped we would get a hearing as such and change the way they thought they would execute the process going forward and we were unable to do that.

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Can I just be a bit more specific; after the RFP process, did Logica make any complaint to the government that the government should not proceed to contract with any entity after the RFP process without proceeding to a more formal ITO process?---No, I don't recall we did that.

10

Thank you. So when you talk about complaining, was the complaining more in the sense that that Logica had already existing contractual relations with the State of Queensland for the roll-out of the SAP finance and other SAP functionality?---For SAP finance we did, correct, not the other SAP functionality.

May I ask you this question: after the RFP process, did you hear any market rumours as to who had been rated first?---No. I must admit I can't recall any rumours as to whether Accenture or IBM had won the deal.

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That's the evidence-in-chief of Mr Duke, Mr Commissioner.

THE COMMISSIONER: Yes, thank you. Mr MacSporran?

MR MACSPORRAN: I have nothing for Mr Duke.

THE COMMISSIONER: Thank you. Mr Doyle?

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MR DOYLE: Yes, Mr Commissioner.

Mr Duke, the Shared Services Initiative had been running for at least since 2003. Would that be right?---Yes.

Before that, there was a business case analysis which identified what was to be done?---Correct.

2003 onwards, people were commencing to implement what had been decided in that business case?---Correct.

40

As far as Logica is concerned, it was focusing on the finance implementation?---Correct.

And you told the commissioner I think earlier that you thought by 2007, mid-2007, you had achieved about 80 per cent of the ultimate?---Correct, yes.

Does that mean 80 per cent of the departments and agencies to whom finance was to be rolled out had been in fact rolled out?---I believed that is what we perceived at the time, yes.

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If I suggested it was 13 departments at the time or 15, does that sound right?---(indistinct)

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Yes? On the other hand, Accenture was the IT firm which was responsible for rolling out the HR - the non-finance components, if I can call it that?---Yes.

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Yes?---Yes.

And you know that by 2007 that the non-finance component had been rolled out to only one department?---Yes.

And that was Housing?---Yes.

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You know, don't you, that by early 2007, there was in the CorpTech management a concern that the budget which was allocated to them was rapidly being burnt, used up?---I don't recall explicitly having those sorts of conversations with CorpTech management.

Let me put it more broadly?---Yes.

Are you able to tell us, please, if you can recall it being perceived from the government's point of view that they had spent a lot of money, much more than they had hoped, and had not received the commensurate roll-out that they had hoped for for that spend?---I don't recall ever having those sorts of conversations with anyone. I mean, certainly noise in the press but as far as roll-outs were, I mean, the government agencies were involved with the planning and design phases so it was - the roll-outs may not have commenced but certainly a considerable amount of funding in design work had been done.

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All right. Did you know that the government commissioned some investigations in early 2007 as to a new way forward?---Yes.

That included at least the engagement of Mr Burns' company to give it some advice?---Yes, correct.

Do you understand the catalyst for it? What do you understand to have been the catalyst for that engagement?---To see if that - have an independent review of the program to determine if it could be done faster, cheaper, smarter.

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Okay. That will do. Did you know that Mr Burns came in either late April 2007 or very early May?---Yes.

And at the time, were you at Logica working on the finance roll-out component of SSI?---I was.

50

You know, don't you, that one of the first things Mr Burn did was go around to various IT consultants and ask for their ideas to see - - -?---He did.

- - - what they could tell him about the processes that had been - - -?---Sorry, he didn't come around to our office or

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anything. He had a presentation that he invited us all to attend, yes. 1

When was that?---I can't recall the date but it wasn't long after he had started.

Very early May? Does that sound right?---I can't recall.

Okay. The objective of him speaking to the consultants was to get ideas as to what was wrong - - -?---Correct. 10

- - - and what could be done better?---And also put forward the scope in terms of reference, yes.

Did you have any discussions with him along those lines, explaining to him what Logica thought had gone wrong and what could be done better?---We did have a meeting with him at one stage.

When you say "we", can you tell me please who?---Myself and Roland Baier met with Mr Burns to discuss - - - 20

When was that?---I can't recall the date of the meeting but it was after he did his presentation we requested a meeting, had a meeting with him to discuss the situation with finance.

Right. Was that the meeting you told Mr Flanagan about? ---I did. 30

So was that the only meeting?---Correct.

That was shortly after his presentation?---Somewhere - I can't recall exactly the time but yes, it was around that time.

Okay. The substance of what Logica was suggesting that he was to leave finance alone in a sense and let you get on with doing that unaltered?---Correct. 40

Essentially?---Yes.

All right, thank you. Now, did he ask you, that you can recall it, for your views as to what should be done with the non-finance component?---We had views on that and at one stage we were interested in potentially pursuing it but at the end of the day, we did not. 50

So did he ask you for your views about that?---I think we told him our views about that; I don't know if he asked for them, but it was certainly discussed.

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You volunteered but you didn't ask? All right. I'm not trying to press you - - -?---Yeah.

- - - but it's likely to have been - - -?---I don't recall that happening in word for word, being in such a way.

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Okay. Was there anyone else from Logica who was approached by Mr Burns or someone on his behalf to - at this early stage - - -?---Not that I remember.

- - - about ideas?---No, not that I'm aware of.

All right. Now, ultimately, you know of a process by which a prime contractor was to be appointed?---I do, yes.

Are you aware of any process in between by which CorpTech was seeking to engage - I'm sorry, I'll start again. The object of the appointment of the prime contractor was to have someone other than CorpTech responsible for the overall management of the roll-out of the SSI?---Correct.

20

Was there an earlier consideration - that is in 2007, but earlier, of an arrangement between CorpTech and some consultant by which the consultant would be engaged to assist CorpTech in its management of the roll-out of the SSI?---Not that I'm aware.

30

Okay. You know, don't you, that in very early July you received, along with lots of other people, that letter - - -?---Right.

- - - which you were shown this morning - - -?---Yes.

- - - and which I'll take you to now. Do you have volume 6 with you?---No.

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If you go to page 13. You should have there a letter addressed to your company?---Yes.

For the attention of you?---Correct.

Which you read at the time, no doubt?---I did.

I'll just ask you to read again the first paragraph of it because it speaks of an investigation or an investigation of the ability to deliver the current scope of the Shared Services Solution program within existing budget and time frames. See that?---Yep.

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Now, this came at about the same time as it was proposed to have a briefing by Mr Burns' office with lots of suppliers. Do you recall?---Yes.

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And you personally attended that briefing?---I did. 1

And there was an exchange of information, I take it?---As much as competitors are willing to exchange.

A guarded exchange. Did you ask Mr Burns what the existing budget was that was spoken of in this letter?---I don't recall asking that.

Did you turn your mind to what the existing budget was that was spoken of in this letter?---I don't recall that either, so - - - 10

Did you know what the budget was at the time?---No, I don't recall knowing the budget.

Wasn't it common knowledge within the market what it was, how much the government had left to spend?---I don't recall that it was an absolute figure, because it depended on how the scope of the program would go, going forward. So as you can see, we told them there's \$100 million to go to do the finance work that was being redesigned. 20

Just on that, if you go to your statement that's exhibit 5 - - -?---Yes.

- - - to paragraph 20?---Yep.

We see there in paragraph 20 a figure of 180 million? ---Correct, yep. 30

Was that the price which Logica had indicated in a proposal that advanced in 2005?---Correct.

Right. To do the whole of the thing?---No.

To do what?---To do HR payroll.

I see. All right. Thank you. Now, back to that letter of 2 July, you recall attending the vendor meeting, I guess we'd call it?---Yes. 40

There was a presentation by Mr Burns and Mr Goddard?---Yes.

Did they have a PowerPoint presentation of some kind? ---They did, he got it working in the end, yes.

Right. I'm not sure it's in that volume. I'll ask you to be shown volume 28. Would you open it, please, at page 431. Tell me first if you've seen this document in the last few weeks?---No. 50

I'll give you a moment to look at it but what I really want to ask you if this is, as far as you can recall, the PowerPoint presentation from which Mr Burns and Mr Goddard worked that day?---Yep, that does seem to be the one, yes.

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That appears to be it? And if you go to page 433, you'll see there's objectives of phase three?---Yes. 1

I hope that's the right page. 433?---Yep.

You can recall them telling you that there were objectives of phase three?---Correct, yep.

And that you were in phase three at the time?---Yes. 10

And those objectives which no doubt you discussed were to restate the goals of the program in three respects: a refreshed business case, management in current available funding and rescale the capability of the program to deliver this restated goal. Do you recall that being discussed?---Yes.

You do?---Yep, yep.

Did you ask them what was the current available funding at the time or did they tell you?---No. Look, I can't recall having the conversation about it because part of it was also to refresh the business case, so they can get more money if they needed it. 20

Do you recall saying that?---I don't recall saying that?

Do you recall him telling you what then the available funding was?---No. 30

Okay. Thank you. If you turn across to sheet - excuse me - 445, you'll see that there's a heading Consideration? ---Yes.

And the first dot point is "seeking innovative ideas and scenarios from the suppliers"?---Correct, yeah.

And undoubtedly, one of the themes of the day was they wanted you to come up with new ideas?---And we did. 40

But that's one of the themes in what they were saying to you. Come up with a new and different way of doing things to help them achieve the objectives of - - -?---Yes.

All right. Thanks for that. You can put that aside now. Is it right to say that shortly after that collective meeting you and another of your Logica employees went and spoke to Mr Burns?---We did.

To talk about what you saw is the right forward as far as finance was concerned?---Yes. 50

And that was essentially that you were to tell him that you were not interested in the non-finance part but Logica thought finance should be dealt with as a separate - - -? ---No, we hadn't reached that decision yet, so we didn't

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talk about HR scenarios at the time, but later on would not be HR payroll. 1

All right. So when you saw him, you were talking about - - -

COMMISSIONER: Mr Duke - - -?---Yes.

- - - when you turn to face Mr Doyle, which I understand you should do, I have trouble hearing you?---Oh, okay. 10

Can you perhaps face halfway to the two of us?---Will do.

MR DOYLE: Or don't look at me, Mr Duke. It'll save both you and commissioner a great deal. You undoubtedly talked, then, about the HR component?---We did.

But the focus of your discussion really was on finance. Would that be a fair way of putting that?---That's, that's correct. 20

Very good. Now, tell me if anything relevant happens in between but the next thing you can recall now is receiving the email Mr Flanagan told you about this morning - showed you this morning?---I can't recall whether we presented first our concepts, that presentation pack you saw, or whether the email came through.

All right. Look, you made a presentation, I can ask you to assume - - -?---Right. 30

- - - I think around about the middle of July. Well, at least nothing turns on it for my purposes whether you did or you did not?---Okay.

You ultimately received an email of 25 July to which you were taken this morning?---Right.

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And, if you want to, it's in volume 6 at page 41, if you could turn that up. Do you have that?---Yes. 1

Okay. Now, I want to ask you about the forms, you heard there was a hiccup about the forms in your statements. Do you recall? You heard me say to the commissioner that there was some dispute about the form of the statement that we received. You've signed two statements, haven't you? ---I have. 10

And I'll just show you one to remind you what you said in it. You'll see at the bottom of the first page there's a heading Invitation to Offer?---Yes.

In which you say, "In the latter half of 2007, following a request for information, Logica provided a response to the state government request for tender." Do you see that?---I do.

"The RFI was about confirming the capability of organisations to provide et cetera." Do you see that? ---Yes. 20

Now, that response to the RFI is the document that Mr Flanagan took you to this morning?---No, I re-wrote the submission in my statement to actually get the RFP, the RFI, ITO, all the correct sequence, because at one stage this particular advice I had confused the RFP process, the RFI process, the ITO process so it was just to reinsert. So my current statement is quite clear, now, hopefully as to - - - 30

No, I'm sure that's true. On that statement, on the one that's in your hand now - - -?---That's my old statement.

The process of which, I'm sorry, I'll ask you the questions and you've just got to let me get them out no matter how badly expressed they are. On that statement you went from a request for information and your response to it to it being followed by an invitation to offer. That's so, isn't it?---Correct. 40

And can you tell me, please, when this statement was signed?---This statement here?

The one I've just given you?---It was signed at about three days earlier than the last statement.

Around about 4 March then?---4 March. 50

Okay, so a week ago?---So three days, yes, the start of March somewhere.

And when you signed it, obviously, you believed it to be true?---The statement I signed, yes.

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And you signed each of them, you believed them to be true? 1  
---Yes, that's right.

Okay, so when you signed that one your recollection was  
that there was an RFI process to which you responded - - -?  
---Yes.

- - - and then followed an ITO?---My recollection was that  
there was an RFP process that I responded to initially,  
then there was and RFI process, then there was an ITO  
process. 10

Okay?---That's what I was trying to get correct in my  
further statement.

All right, that's okay. Would you go back to that email,  
please, the email of 25 July, and you've told us already  
this was an usual form of RFP?---That's because I couldn't  
recall that, indeed, it was followed by the ITO formal  
request, so it was more a scene setting email, so, yes. 20

Okay. The usual form of RFP that you would expect for a  
contract of around 100 million or more would be in the form  
of the ITO, as we now - - -?---Correct.

- - - know it to be?---Yes.

That it would be a kind of document where the requirements  
are set out in detail, there's the specification of what's  
to be done - - -?---Yes. 30

- - - the governance of what's to be done, and the form in  
which the response is to be provided, that is, the form of  
the tender?---Yes.

In your experience with dealing with government over a  
number of years, that's the kind of thing you would expect  
for a request for a proposal of this kind of contract,  
\$100 million contract?---Yes. 40

All right. And, Mr Duke, that would be, if I can put it,  
the key feature which you would say makes this email a very  
odd way to go about it if it's to be viewed as an RFP, its  
brevity?---Look, in some ways in my mind I cast my mind  
back in thinking that there were these conversations and  
presentations being made. This email was a courtesy  
probably provided to myself and the other tenderers, no  
doubt, saying that it looks like - yes, no, it's saying  
that this is what the process is going to follow going  
forward. You know, after thinking through seeing the ITO  
et cetera, you know, the recollections of this email is an  
email just saying what's about to come. 50

And the email telling what is about to come - - -?---Yes.

- - - is a more complete document of some kind?---Correct.

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DUKE, M.J. XN

And that's in fact what happened, a more complete document came?---Correct. 1

Thank you. Just excuse me, Mr Commissioner. Now,

I'll show you the document if you need to have it shown to you, but the ITO asks for the provision of pricing in certain schedules?---Correct.

And you complied with that as far as you were able to?---I did. 10

It also asked for the identification of which of two options were to be quoted for by the tenderer. Do you know those two options? I'll summarise them to you?---Yes.

There was an option that the prime contractor would not only do the roll-out of the SSI into the various departments, but would also manage or supervise getting the departments and agencies ready to receive it. Do you recall that?---Yes. 20

And obviously if you do both, that's a bigger task than if you do the smaller task?---Yes.

You only quoted for doing the finance component, you've told us?---Yes.

But can you tell us, please, if doing the finance component you were quoting on the smaller option or the bigger option. Do you recall?---No, I think we changed the options so I don't think we were quoting on either option, I think we designed an option that said, "Here's how we'll do the finance deployment, the technical upgrades," and we weren't in a position at this time to price ongoing support. 30

Okay. Presumably, if one looks at your response one can see that what you priced was not only the designing of the finance system, but also preparing within the various departments their systems to be compatible with it and to receive it?---Yes. 40

So you were going to do all that but you were going to do it for finance only?---Correct.

Thanks. I've nothing further, thank you.

COMMISSIONER: Yes, thank you. Mr Flanagan? 50

MR FLANAGAN: Mr Duke, was it ever conveyed to you by Mr Burns or Mr Goddard or any person from CorpTech or Queensland Treasury that any response to the RFP or the ITO in terms of pricing from Logica had to, or should, have regard to the then current available funding?---I don't recall that being a condition.

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DUKE, M.J. XN

Did Logica, in providing its responses to the RFP and its response to the ITO, take into consideration the available funding within the existing Queensland Treasury budget for the shared services initiative roll-out?---It wasn't part of our considerations.

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COMMISSIONER: It's a curious thing. I mean, if the intention of that 2 July presentation was to ask the three would be tenderers to come up with a solution that would provide the shared services within the existing available budget, they all misunderstood it. They all gave prices that exceeded it and didn't refer to it.

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MR FLANAGAN: Correct. That's certainly the response for the three - actually, I should say the four - in response to the RFP, but for the ITO it would appear that IBM's response was able to be reconciled to a figure that equated closely with the existing available budget. Mr Commissioner, subject to any questions you have, may Mr Duke be excused be excused?

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COMMISSIONER: Yes, of course. Mr Duke, thank you for your assistance, the commission is grateful to you. Thank you.

WITNESS WITHDREW

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THE COMMISSIONER: Now, I should perhaps ask Mr Doyle; Mr Doyle, do you want Mr Duke's former statement make an exhibit as well?

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MR DOYLE: No, your Honour; I am content that I have referred to it and Mr Duke has explained it.

THE COMMISSIONER: All right, thank you. Yes, Mr Flanagan?

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MR FLANAGAN: Mr Commissioner, I call Darrin Bond.

**BOND, DARRIN JOHN** sworn:

THE COMMISSIONER: Yes, sit down, please. Mr Flanagan?

MR FLANAGAN: Thank you, Mr Commissioner.

Would you give your full name to the commission, please?---Darrin John Bond.

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

Could you look at this document, please. Do you recall the date upon which you executed that statement?---Not precisely. I signed it quite recently but I don't have the exact date in my mind, sorry.

All right, but it was in March 2013?---Absolutely. Absolutely.

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

Thank you. I tender that statement, Mr Commissioner.

THE COMMISSIONER: Yes. Mr Bond's statement is exhibit 8.

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ADMITTED AND MARKED: "EXHIBIT 8"

MR FLANAGAN: Mr Bond, you worked in CorpTech from approximately 2003 to 2007. Is that correct?---Yes.

You left CorpTech in late 2007?---Yes, that's correct.

What is your present position in government?---I'm the chief information officer within the Department of Community, Child Safety and Disability Services.

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What is the role of the chief information officer? ---Essentially, it heads up the IT area, sets IT strategy, manages information within the organization.

Did you hold tertiary qualifications in IT?---I do.

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What are they?---A bachelor of science from Queensland University. 1

Returning then to your time at CorpTech, what position did you hold at CorpTech as at the beginning of 2007?---I was the programming director and I believe the title was of business solutions.

What did that entail?---My role was essentially to design, build and implement the whole of government solutions around finance, HR, documents and records management. 10

Right. Did you have a team working under you for that purpose?---I did, yes.

Who was in that team?---It was a very large team so at times it was up to four or five hundred people, so it was a significant team.

When did you commence that position at CorpTech?---There were a number of redesigns but essentially I started in 2003, not in CorpTech but in the Shared Services Initiative and then moved across to CorpTech I would think late 2003 and essentially held that position through to then. It did change name but it was essentially the same position. 20

Who was your director supervisor from - - -?---Geoff - sorry.

- - - 2005 to mid-2007?---Yes, Mr Geoff Waite. 30

Did that change?---It did change once in 2007 when Geoff left, then Barbara Perrott took charge and I reported to her.

All right. So Mr Waite was the executive director of CorpTech at the time you reported to him?---Yes, that's right.

And Ms Barbara Perrott became the executive director of CorpTech and you then subsequently reported to her?---Correct. 40

Did Mr Waite leave CorpTech?---He did, yes.

Can you recall under what circumstances he came to leave CorpTech?---Certainly. There was a meeting that was held, I believe, between himself, Gerard Bradley, Barbara Perrott and Terry Burns. Terry was reporting to Gerard on his opinions of how the initiative was performing. I think Terry was being quite negative about what was going on within the initiative. Geoff found that quite offensive and walked out of that meeting. He left that day and took some leave and never returned. 50

THE COMMISSIONER: Can you recall the approximate date of that meeting?---I would have put it in March - - - 1

Of 07?---Of 2007, yes.

Yes, thank you.

MR FLANAGAN: What qualifications did Mr Waite hold, to your knowledge?---I wouldn't be a hundred per cent sure but I would think in economics and in accounting. He may have had an MBA also. 10

When he was replaced by Ms Perrott, to your knowledge did either - first of all, did Mr Waite to your knowledge have any IT qualifications?---No.

Did Ms Perrott have any IT qualifications?---No.

All right. Who was the person they looked to in terms of IT expertise?---When Geoff was there, it was (indistinct) and two other program directors, Phillip Hood and Jan Dalton. 20

Now, in relation to Mr Hood, was he the deputy executive director of CorpTech?---Correct.

Does that mean he was second-in-charge of CorpTech, or what does that mean?---No. Essentially there were three people reporting to Geoff, the three that I have described including myself. It was really title and it was the position that was probably going to continue on it CorpTech once the projects and programs were completed, so if you like, it was the recurrent position. 30

You have given us some brief explanation of your role at CorpTech and your position but can you give us a little bit more detail in relation to what your primary responsibility was at CorpTech?---Yes, certainly. I would have seen myself as the architect, if you like, of how we were going to build the new solutions, how we were going to implement those solutions within agencies, how we would work with those agencies, how the solutions would be rolled out. I was heavily involved in the earlier tenders that selected the products that we were going to use and my job essentially was to take a considerable team, build what we called a standard offering. It consisted of finance and HR and then rolled those solutions out to all agencies. There was a strong push, particularly by Gerard Bradley to - and I will use his terms, "Keep it cheap and cheerful," so to deliver essentially the services that they needed in those solutions but not to over service and hence try to keep costs down as much as possible, and this was one of the key challenges of the initiative. If I may to correct an earlier definition, other SAP functionality came into it as well. This was actually not documents and records management. It was around essentially the projects module 40 50

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within SAP, the real estate module within SAP and some of the extended capabilities around procurement and SAP, so essentially, we were implementing, if I say finance, I will just narrow it to that for a second, we are implementing a finance solution, some agencies were using SAP far beyond just finance, so Housing were using it to manage their real estate portfolio, so other SAP functionality was picking up that capability. Documents and records management was also an initiative underneath but separate.

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Now, for the Shared Services Initiative roll-out by CorpTech, did CorpTech have a number of partnerships with external service providers?---Yes, quite a few. We had a principle and really Geoff brought the principle to the table and was quite strong about it, that government cannot outsource risk so the belief was, even if we had one company that we were working with, government would still face any risks associated with an unsuccessful delivery, so we kept the overall responsibility within the department, within government, and we then contracted companies to pick up particular pieces of work.

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Now, can I deal with some particular pieces of work?---Certainly.

First of all in relation to HR which included payroll and rostering, there was a roll-out in relation to HR at the Department of Housing. Is that correct?---That's right.

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And did CorpTech contract Accenture in relation to that work?---They were the partner that assisted in the actual implementation. There were other partners who assisted in that roll-out as well in areas such as testing, quality assurance, things like that.

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Now, as far as Accenture was concerned, approximately how many Accenture employees or contractors were involved in that process?---I can't recall. If you'd like me to estimate a number, I could.

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Yes?---It would be, I would think, in the vicinity of 50 to 60 Accenture contractors. That may have peaked a little bit higher during a very busy period but I would put the number around there.

Apart from that particular roll-out, did Accenture play other roles through CorpTech in relation to the Shared Services Solution?---No, I don't believe so.

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All right. Now, may I ask then about the finance roll-out, who was involved in that?---Logica were the prime partner for the finance roll-out. We actually commenced the finance roll-out earlier due to product selection, so the product selection wasn't as complex as with HR, so we were able to start that roll-out earlier. As I said before - oh, sorry. Yep, as stated before, we had rolled out to 13 agencies but I'd highlight that essentially the core element of finance had been built, so, if you like, the base, and then the roll-outs can progress from then.

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Now, what was the role of IBM at CorpTech in early 2007? ---I believe IBM were the development partner. They essentially would come in and assist us with specific technical development resources. They were also the - they actually won the product tender and I believe that was 2005. I'd have to check the exact dates. They won that particular tender and so had a responsibility around integration of the products.

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Now, as at early 2007, what departments in the whole of government had been the subject of the Shared Services Initiative roll-out?---Could I check my notes?

Yes, please?---Yep. So I would say from a finance perspective we had rolled out to JAG - are abbreviations okay?

COMMISSIONER: Yes, sure, we understand?---JAG, QCS, we were working on QPS and that was also rolled out in 2007. Partner 1, which was one of the Shared Services agencies. DEIR, one of them just relations, DLGPSR, which was a department at the time. DTFTWID, another agency at the time. DPC. We were working on state development and that was rolled out in 2007, and also education in TAFEs and they were rolled out in 2007 also.

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MR FLANAGAN: Now, in relation to this roll-out, did you become aware at one stage that the under-treasurer was looking at having certain reviews conducted in relation to what had happened to date?---Not directly. Certainly we knew Jarad was concerned about how much had been spent to date against the original - sorry, the modified original business case. That had put a particular budget forward and we were doing our best to try and deliver within that budget. He was quite concerned that wasn't possible and it was well known within the management group in CorpTech that, you know, they were significant concerns and we had to look at ways of changing the model as to how we delivered. We actually went out to the companies in an informal way very early in 2007 to ask for ideas about how we could work with them and each of Logica, IBM, Accenture and I believe SAP provided us with a very short presentation on their views on how we could improve efficiencies.

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Now, earlier this morning, did you provide to the commission through the Crown solicitor a document which you found overnight, which constitutes a waft of notes of a presentation you gave to the under-treasurer - - -? ---That's correct.

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- - - in early 2007?---Yes. Well, mid-2007.

Mid-2007. Thank you. And can I show you the document, please? And, Mr Commissioner, I hand you a document. There's one in the agreed bundle, of course.

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COMMISSIONER: Thank you. I'll make this exhibit 9.

MR FLANAGAN: Thank you.

COMMISSIONER: How do I describe it?

MR FLANAGAN: It's a CorpTech Shared Services Solution directions paper June 2006.

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COMMISSIONER: All right. Thank you. That's exhibit 9.

ADMITTED AND MARKED: "EXHIBIT 9"

WITNESS: I was unable to find the final document so this is a draft of that document.

MR FLANAGAN: All right. It's a document you prepared, Mr Bond?---Correct.

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And what was the purpose of you preparing this document? ---For me to talk to Jarad about a model that we may be able to take forward. I didn't agree with the prime contractor direction.

All right. We'll come back to those reviews - - -?---Yep.

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- - - shortly. But just in relation to this statement, does it contain some of the history of the roll-out of the Shared Services Initiative prior to Mr Burns conducting his review in April/May 2007?---It does.

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All right. And if you look at, first of all, it's - sorry, the document's not numbered, Mr Commissioner, but if you go to the third page, is that a snapshot of what had been completed as at December 2007, is it?---That's - no, not December 2007; at mid-2007. And what we were planning to complete for the rest of the year.

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I'm just seeing a reference there on the third page. It says - - -

COMMISSIONER: The estimated status.

MR FLANAGAN: Estimated status. I see. Thank you.

COMMISSIONER: Well, I assume that's right. Is that so? ---That's correct, yes.

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MR FLANAGAN: Thank you?---And so you can see up the top some of them are completed and some are on track. So it's a point in time depiction.

Now, can I ask you to turn over this document to a page that is headed Why Are We Behind Schedule? Do you see that?---Yes.

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Could you just briefly explain by reference to those points - - -?---Certainly.

- - - on that page why CorpTech were behind schedule in the Shared Services Initiative roll-out?---Okay. So certainly my opinion at the point in time. The first point is that the configuration of the award is more complex than initially thought, so certainly award configuration in SAP, the newer version of SAP was very complex. The awards were - - -

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COMMISSIONER: Is that a reference to the actual software or to the awards structure in the departments?---In actual fact, both. So some awards were extremely, extremely complex, some were poorly documented so we actually had to go in and document the awards. Some relied on local knowledge to interpret the awards; again, poorly documented. But SAP itself was complex to configure the awards in. It's a very sophisticated product but with that sophistication comes a fair degree of complexity.

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All right. Thank you.

MR FLANAGAN: Go on, please?---I also stated that most other aspects of the HR solution are more complex than initially thought. To that I was referring to things such

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as rostering, which initially wasn't in scope. Within the Housing solution, they actually wanted a level of rostering. We didn't use Workbrain, we used a product calls CATS, which is a module of SAP, but it does essentially time deception within the solution. Agency specific scope is continually expanding, so this links with the one, two down, which is governance. I felt that there wasn't strong enough governance to essentially, I'll say "force", but encourage agencies to adopt the standard offering, so every agency would say, "Oh, I'd like something extra," and certainly that wasn't the intent initially of the Shared Services Initiative.

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Did you also in the course of the roll-out and your role in the roll-out experience resistance from the agencies for the Shared Services Solution?---Yes, extreme resistance. Some agencies were on board and were willing to come along but I would say more than the majority were quite resistant, some extremely vocal, so there would be, you know, constant abuse. It would be almost daily for me and essentially it was a struggle to try and get the initiative over the line. I felt that from a governance perspective, we needed higher level support, including perhaps someone at maybe even the premier's level saying to the ministers, "This must be done. You need to put it in your director-general's performance agreement," and therefore there would be a greater push from above as opposed to - it wasn't quite lip service but it was close to that.

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All right. You're up to point 4?---Thank you. "The scope of the build is not known, in detail, until we do the detailed analysis." So we have a very good feel, we built a standard offering, we go into an agency and all of a sudden you find that there are more interfaces, for example, than you initially thought. So, you know, the devil's in the detail, I suppose. There's not always been clarity in the next piece of work, so this was around making sure that we had a direction and we stuck to it. Quite often politics got involved around which agencies we would or wouldn't do. "Failures of the funding model to promote agency use of the standard offering." My belief was that we needed to change the funding model whereby perhaps we would allocate an amount of money to each agency and tell the agency that's how much we're spending, and if we were to exceed that then the agency would need to contribute the extra amount. And that would encourage agencies to be more frugal and speed up their implementations, so there was no incentive, a financial incentive, for agencies at this point in time. "Acquiring skilled and experienced resources." So it was always hard to get skilled resources, we were competing with a number of large organisations, including mining organisations who used SAP. "Once agreed, the scope is not frozen allowing changes to continually creep into the release." So ensuring that we had greater change control over the overall initiative. And the last one is a technical one, "The current environments do not allow concurrent development." So this is essentially allowing you to begin development for a particular agency, perhaps on their awards, and then beginning on the next one. And by having one instance of the solution, that was very, very difficult to do and a real blocker in going forward.

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Now, this paper, was it a paper that you actually took to the under-treasurer in mid-2007?---It was certainly a paper that I had with me and I spoke to, I can't recall whether I left a copy of Gerard or not.

All right. Apart from the under-treasurer, who else was present at this meeting with him in mid-2007?---No-one, it was just Gerard and myself.

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The purpose of you meeting with the under-treasurer, was it to dissuade him from pursuing a prime contract model? ---Yes.

What did you have against the prime contract model?---I felt that, because of some of these reasons, to give the whole initiative to a prime contractor was a high risk, in that the scope wasn't fully defined and it would allow variations to creep in very, very easily and I felt that was too great a risk to the government.

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All right. And were these matters - in terms of risk - were these matters outlined to Mr Bradley in mid-2007 by you at this meeting?---Yes.

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Now, I want you to tell us, by reference to this document, what you proposed to Mr Bradley in terms of a way forward? ---Yes. Again, apologies for no pagination, but forward two pages there is a table. In that, I list out a number of options, I have one option that I specifically recommended to Gerard. The purpose of this table was to look at solutions where we could substantially complete or complete a fair portion of the initiative within the remaining budget, so it was agreed that we wouldn't finish the initiative with what was remaining.

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Can I just stop you there? Could the initiative be finished within the remaining budget?---Could it?

Yes?---I didn't believe so, no.

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All right. By what extent?---It's very hard to say without detailed analysis, but I would think it was probably double of what was remaining.

Go on?---So in that table you can see the first - well, I list the agencies out within the clusters, the first column is finance. I felt that finance was running very well and, really, to roll out to a number of agencies was not going to be that complex. Probably the most complex would have been Queensland Health because they did have some fairly complex procurement arrangements, but I believed we should have continued. You can see also in that column that I've listed essentially what was called "Cluster 3" to remain on SAP 4.6C, and that's due to the integration between the finance and the HR solution and so, essentially, whatever you did in finance you probably had to do in HR as well. If I go to - there were five recommendations - five options there - if I go to the one that I was recommending to Gerard, it was HR 2, the HR 2 column. In there I was recommending that in cluster 1 we complete the upgrade for a small number of agencies, but other agencies either remained or were upgraded on LATTICE. LATTICE had been bought by a company called Talent2, and there were migration options from what was LATTICE to a product that Talent2 would then support.

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Mr Bond, what were you recommending to the under-treasurer in relation to Queensland Health payroll?---I was recommending that we don't commence Queensland Health payroll and that we leave it on LATTICE and look at an upgrade option.

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Okay, can I just stop you there? There has been evidence, and some of the documents fair this out, that a number of people at Queensland Health and indeed some at CorpTech, knew that the vendor support through Talent2 for LATTICE

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was to be withdrawn. Do you know that for a fact yourself?---We were in negotiations with them. Phillip Hood and myself went to Melbourne perhaps late 2006, early 2007, to try and negotiate a position. There were a small number of - so there were options, there were a small number of contractors who, while the support was with Talent 2, those contractors were really the people doing the support of the product. So to buy out those contractors was another option the government could look at. I felt that we should be exploring the options of continuing Health on LATTICE rather than trying to implement the new solution in Health at that stage.

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Now, for the Melbourne negotiations, it was the fact, wasn't it, those negotiations were ultimately unsuccessful? ---From those negotiations, Talent2 said that they weren't interested in continuing their support.

All right. We know for a fact that LATTICE actually remained operable in Queensland Health up until the go live date of the SAP and Workbrain system in March 2010, yes? ---Yes.

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Was it the case that the maintenance of the LATTICE system at Queensland Health was work intensive in the sense that it required a lot of physical entry into the system?---I don't have enough detail of that to make an informed comment, but certainly that was the message that I was getting, yes.

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Just tell me this, though: from your own experience at CorpTech and your own knowledge of Queensland payroll and the LATTICE system, what were you recommending to the under-treasurer for Queensland payroll?---For Queensland Health payroll?

Yes?---That they remain on LATTICE for a period of time, that we continued the roll-out in smaller agencies to ensure that it is stable, that we find an agency that would could implement Workbrain in to ensure that the Workbrain SAP interface was adequately working, and then we focus on Queensland Health.

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Did that contemplate an upgrade of the LATTICE system at Queensland Health?---I didn't go into that detail with Gerard about whether we would upgrade or just continue support of the existing system, so I didn't talk about that detail with Gerard.

Given your position in CorpTech, though, and your role, what was your opinion as at early 2007 as to any need to bring forward the Queensland Health payroll replacement, that is, the LATTICE replacement?---Yes, and I could - certainly, we were looking at scenarios of doing that and options, but as worked through those, by the time I got to this point, I felt that was too high a risk.

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Did you express that to the under-treasurer?---I believe so, yes.

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Now, in putting forward this proposal that's contained in this draft document, what was the under-treasurer's response to you and can you please give, as close as you can, the effect of what the under-treasurer said to you in response to your proposal?---I can't remember the exact words, but it was along the lines of, "We have spent a lot of money, we really need to look at a new way of doing this." It was a amicable meeting, it was no issues from that perspective, but certainly Gerard made it clear that he was keen to follow a new direction.

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Yes, we can put that document aside, please. Mr Bond, could you outline to the commission what your view was in terms of delay, cost and success of the CorpTech Accenture rollout of HR including payroll and rostering to the Department of Housing?---It was a very difficult implementation. The agency that we worked with had a lot of specific requirements. They were very strong in their views about what had to be included. As a model, it wasn't the way that we would want to go forward because there was too much variation to the standard scope. I would, though, say that the team that undertook the implementation did it professionally. I felt Accenture were quite strong through that implementation. I also felt that, you know, it was a successful implementation and while the change wasn't immediately acknowledged as being positive, I think if you speak to people in the HR area, there was a reduction in processing that was required and a more accurate payroll that was executed. We were very conscious to make sure that the payroll was accurate to the point where a file called (indistinct) file which is the one that gets sent to the bank for the actual pay, processing, it was compared to the previous fortnight's file and a number of other ones to ensure that individuals were getting a somewhat consistent pay.

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From start to finish, how long did it take CorpTech and its contractor, Accenture, to rollout HR in the Department of Housing?---It's hard to say when it started because obviously there was a procurement activity that occurred and before that, there was a business process activity, so if you go right back to that, really you could say 2003 but - - -

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I don't want you to go right back?---No, no.

When the work actually started for this implementation of Department of Housing, from go to whoa, how long did it take?---I can't recall the exact date but I would have thought some time in 2005 but I would need to check.

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When did it finish? Sorry, I will be more specific: when did it go live?---2006.

Was it over budget?---It would have been, yes.

Was it delayed according to the original schedule for the rollout?---Yes.

How much over budget was it?---Again, it's hard to quantify that but it would have been a fair way over budget. It would have cost us a lot more to build that core.

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An estimate from you, please?---In total, maybe 25 million, something like that.

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In terms of delay, what was the extent of the delay?---Yes. Again, from when we engaged Accenture, we were aiming to do it early 2006 and it was done I think around March or April 2006, so it would have been two or three months.

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All right. Now, can we just do a comparison of what was involved in that rollout at the Department of Housing to what was ultimately involved in the Department of Health. Department of Housing had how many people on their payroll?---It would be circa 1500.

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1500?---Yes.

Department of health has approximately at the time - - -? ---80,000.

80,000?---Mm'hm.

How many awards applied to the Department of Housing, 1500 employees?---It may have been two but I would stand corrected on that.

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How many awards applied for Queensland Health?---I wouldn't know the number but it would be many.

All right. The combinations of those awards run into the hundreds if not thousands, correct?---Many more. Tens of thousands, I would say.

Rostering, then, for Queensland - for the Department of Housing, was Workbrain used for the rostering?---No.

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Was that because it was not necessary to use it?---That's correct.

So what was used instead was CAT which was a SAP - - -? ---Module.

Module. Is that correct?---That's correct, yes.

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Now, in terms of rostering at the Department of Housing, did you have various persons who worked different shifts, for example, as you would have in a hospital?---There were a very small number of employees who worked different shifts but it was a handful of employees.

Thank you. So just looking at the fact that one went \$25 million over budget and the delay, albeit only of three months, this was, compared to Queensland Health payroll, an extremely straightforward rollout, wasn't it?---Yes, but if I could just qualify; it included the core, the base offering as well so the theory was you then can take this and roll it out to a number of other agencies with only award interpretation being added and then additional modules depending on what they require so if they needed Workbrain, you could add Workbrain.

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All right. This was the first time, however, that a HR solution had been rolled out in a government department? ---Under this initiative, yes.

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Now, were you aware that Arena Consultancy conducted a short five-day snap review of the Shared Services Initiative and CorpTech's role in that initiative in or about April 2007?---Yes.

That review was conducted by a Mr Uhlmann from Arena Consultancy?---Yes.

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And assisted by Terry Burns?---Yes.

David Ekert?---I believe so, yes.

And Mark Nicholls?---I wasn't sure but yes, I would think that's probably right.

Thank you. Can I take you to that document which you will find in volume 1 at page 158? Was it your understanding that this review by Arena Organisational Consultants was requested by the under-treasurer?---I wasn't aware of that, no.

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What is your own knowledge of who - - -?---I thought it was organized by Barbara Perrott.

Mr Uhlmann to your knowledge was a former director-general of the Department of Transport?---That was my understanding.

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Thank you. He went from government role into a consultancy, yes?---Yes.

Now, did you read this review, even though it's in point form in or about April 2007?---I can't recall it but I would say I would have seen it, yes.

And you became aware of its recommendations?---Yes.

40

Can I start by taking you to the overall conclusions which you will find at page 161 and 162?---Yes.

The first conclusion which you will find repeated in Mr Burns' May 2007 review - - -?---Yes.

- - - consistently was that Queensland Health should not be brought forward?---Mm'hm.

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That was also a view you held, was it not, and the reasoning behind Queensland Health not being brought forward was this: that given its complexity and given its difficulties in terms of rostering, number of people, number of awards, you would want to have a tried and true

HR solution before you took on dealing with 78 or  
80 thousand employees of Queensland Health. Correct?  
---Correct.

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From your own knowledge, can you inform the commission why  
this recommendation was ultimately ignored?---I don't know  
the facts behind that. I would only think that there were  
concerns about the ongoing support and stability of LATTICE  
and therefore a belief that Health was of greater urgency  
than this document states.

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Do you have any knowledge of why Health was brought forward, apart from what you've just indicated?---Not that I can recall, no.

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All right. Thank you. The first point says the program time frame will not be met. That was correct, wasn't it? ---Yes.

And in fact, how far out was the present time table for CorpTech's roll-out of the Shared Services Initiative? ---Well, if I go back to the original business case which was undertaken in 2002, I believe, by Accenture, the initial implementation was to be completed, I think, by 2004 for \$65 million. Once we were aware of that and when I went down to join Shared Services, I worked with a gentleman, Andrew Spina, and we strongly refuted those numbers and had the numbers and time frames changed. Overall, the goal was to complete the initiative within the budget by - I think it was 2006, at the end of 2006 initially, but over time as we went into the detail, it was realised that it was much more complex and that was incrementally moved out.

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Was it years delayed?---Compared to the initial expectations, which I would say were flawed, yes.

And how many years was it delayed by those initial expectations?---Oh, against the initial expectations? At that stage, probably at least two.

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Now, it also refers to the program budget will be exceeded by 90 to 135 million dollars. Can you see that?---Yep.

And program governance is not delivering required outcomes? ---Yep.

Now, from there, may I take you to page 162?---Mm'hm.

It actually refers to the PMO is not affected. What's PMO? ---The program management office.

40

What office was that?---Essentially an office that had responsibility for looking at the program overall and coordinating things like reporting, resources, those sorts of things.

Was the PMO located within CorpTech?---Yes.

And who headed it?---I think at the time it may have been Joanne Taylor.

50

All right. Thank you. And the overall conclusion at the very end is inaction now - that's at April 2007 - will result in program failure?---Yep.

Do you see that?---Yes.

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Now, from there, may I take you to page 172?---Yep. 1

Actually, before I go to that, some more detail is given at page 164, Mr Commissioner, as to the program time frame not being met. The program has a history of program extensions 28 months to date, so approximately two years as you said, Mr Bond. Then if you turn over the page at page 165, it's overall conclusions supporting detail and this is in relation to the program budget will be exceeded?---Mm'hm. 10

You'll see that it's anticipated 12 months extension to time line - - -?---Yep.

- - - current burn rate is \$15,400 per person per month. That's in relation to Accenture, is it?---That would be across all consultancies and contractors, and individuals. That would be an average rate, I would think.

All right. And in relation to this roll-out, one had Logica involved, IBM involved, Accenture involved and SAP involved?---Yep, that's correct. 20

Together with other external service providers?---That's correct.

And indeed, their subcontractors to those four entities I've identified?---That's right.

There were currently 481 persons working on the Shared Services Initiative roll-out. Is that correct?---I would not dispute that number. 30

All right. That 481 is inclusive of both CorpTech personnel and contractors, is it?---Yes, yes.

So the scenario with the 12 month extension on the Shared Services Initiative roll-out is \$90 million with 18 months, it's an increase of \$135 million?---Mm'hm.

Now, just to be clear about that, this is not based on a prime contractor model, this is actually the figures that would be incurred according to the existing CorpTech model?---That's right. 40

These are the figures that would have increased by CorpTech rolling out the initiative itself?---That's right.

Did you know that the under-treasurer and CorpTech, other executives in CorpTech, were seeking the solution to avoid such a blow out as contemplated there in this review? ---Yes. 50

And the prime contractor model was sought as a possible solution to this type of blow out, wasn't it?---Yes, that's correct.

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Thank you. Now, can I then take you to page 172 of this document?---Yes. 1

There are certain recommendations made by Arena Consultancy?---Mm'hm.

One of them is to appoint an operational program director? ---Mm'hm.

An OPD. Do you see that?---Yes. 10

Do you know who was ultimately appointed to a position called an operational program director or some such or a similar type of position?---I would think that was probably Terry's role.

When you say "Terry", that's Terry Burns?---Terry Burns, sorry.

I should ask you this: did you ever come to know who wrote this report?---No, no. I assumed it came from Gary. 20

Gary Uhlmann?---Gary Uhlmann.

Thank you. One of the other recommendations is to initiate action to solve LATTICE support issue?---Yep.

And it's your view that the LATTICE support issue could have been solved. Is that correct?---We could have delved a lot deeper to look at solutions to support LATTICE, including the contractor buyout or a skills exchange, something along those lines. 30

All right. In any event, to your own knowledge, CorpTech took over - sorry, after vendor support for LATTICE was withdrawn, CorpTech took over that role as it was successful in keeping LATTICE operational, at least until the go live date in March 2010?---That's right, that's right, and it also continues to run in the Department of Community Safety. 40

And can I then finally on this document take you to page 173?---Yep.

The entry I'm interested in, Mr Bond, is stakeholder engagement?---Mm'hm.

It says, "Review current stakeholder engagement model. Actions to obtain genuine CEO commitment"?---Yep. 50

Do you know what that refers to?---I could try and put some definition around it. I would think the second would link in with what I said earlier around ensuring that CEOs had an accountability to ensure the success of the initiative. The stakeholder engagement model would be how we're working

with agencies and the level of flexibility that was being given to agencies.

1

Thank you. And the reference there to a review, you became aware, did you not, that a review was subsequently undertaken, following on from this, by Mr Burns?---I was but I didn't see that as a review of a stakeholder engagement model; it's much more than that.

That was going to be my next question?---Sorry.

10

So what review did Mr Burns conduct?---So I had never seen - I never saw any terms of reference of what he was looking at but my understanding was looking at options for how the initiative could be rolled out. Sorry, how the initiative could be accelerated in its roll-out and potentially done at a lower cost than what we were predicting.

Now, do you know who engaged Mr Burns for the purposes of that review?---I thought it was Barbara Perrott but I never saw contracts or anything. Certainly he worked closely with Barbara.

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So can I just find out what is the basis of your belief that it was Ms Perrott who engaged Mr Burns?---Solely that Barbara had told us that Terry was coming in to - Terry Burns was coming in to do the review and that his work was done very, very closely with Barbara, no other reason.

1

Mr Burns, to your knowledge, had never worked before in Queensland?---Not to my knowledge.

Nor in Australia?---I have no knowledge of that.

10

Well what did you know of his background?---Not much. I had been told he worked in New Zealand on a particular program that was quite large. I don't know if it was Shared Services related but I didn't have a lot of detail of his background. Barbara really wasn't willing to offer it.

We'll come to his review shortly Mr Bond but in the course of conducting his review Mr Burns used what he called focus groups, approximately 14 focus groups from different agencies and different - who represented different agencies and indeed, people from CorpTech. Were you a participant in any of the focus groups for Mr Burns' review?---I don't remember them in detail but I'm sure I would attended some of them.

20

Did you assist Mr Burns with his review?---Not at that stage, no.

30

Did you receive instruction from Ms Perrott in relation to assisting Mr Burns with his review?---I received instruction from Barbara Perrott to provide Terry with whatever information he requested.

All right. Did you start having dealings with Mr Burns when he was conducting his review?---I did.

How did you find him?---He was very assertive in his approach. I was concerned in relying on one individual to set the direction - - -

40

Why was that?---Sorry?

Why was that?---Probably because - and not that it had to happen but probably because I didn't really know his background, didn't know his skills, his knowledge. So, essentially someone off the street from my perspective comes in and suddenly starts providing fairly detailed recommendation about where we should go.

50

Did he answer to you at all?---No.

Who did he answer to?---To my knowledge it was to Barbara Perrott but I do know that he had a direct line or contact with Gerard as well.

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When you say "Gerard" you mean Mr Bradley, the - - -? 1  
---Gerard Bradley, sorry.

How do you know he had a direct line to Mr Bradley?---He told me.

COMMISSIONER: That's Burns?---Terry Burns had told me that and at times when I had gone to see Gerard he asked me to stop and not go and see Gerard anymore. 10

MR FLANAGAN: I'll just come back to that?---Sorry.

When was the first time he told you that he had a direct line to the under-treasurer?---Well, I couldn't recall an exact date, I would think May, June, something around there.

Can you just expand on the incident you've just referred to when you went and saw the under-treasurer - - -?---Yes so Terry - I'm sorry, my apologies. Terry had heard that I had been to see the under-treasurer. He with, Mr Goddard, came into my office, closed the door and was like fairly aggressive in telling me that I was not permitted to go and see Gerard anymore. I stated that Gerard had offered me an open door and that I felt that I had a obligation and a right to go and see Gerard whenever I liked but they were fairly insistent that I don't go and see him, there was no really agreement at the end of that meeting and then they left. 20

Mr Bond were you a permanent public servant at this time? ---Yes. 30

How long had you been in the public service for?---At that time?

Yes?---Well I started in 1987 so 16, 17 years, something around that.

You're still a public servant?---Yes. 40

Mr Burns, to your knowledge, was a contractor with CorpTech, is that correct?---Correct.

Do you know whether he was contracted through an agency such an Information Professionals or Arena?---Initially I thought it was Arena. I am aware of an argument that developed between Information Professionals and Arena about who was contracting Terry, but I'm not sure as to the resolution of that. 50

Did you know of any experience Mr Burns had had in government?---No.

Mr Keith Goddard, the other person who came into your room, closed the door and told you not to go and see the under-treasurer. He was also a contractor, was he not?  
---He was.

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How long had he been contracted by CorpTech?---For quite a while, I would say; I would think a number of years, three perhaps.

What was his position?---I can't recall the exact role. I thought he was in sort of an architecture, more of a planning architect type role that would assist in planning and monitoring the success of particular rollouts and things like that.

10

Who are these people to tell a permanent public servant that you were not to go and see the under-treasurer in relation to the rollout of the Shared Services initiative?  
---I don't know. You'd have to ask them.

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What did you do about it?---Nothing. I let it go. I did talk to Barbara about it and she and I had a short chat about it. Essentially she said that you know, I should still continue to assist Terry though and not be closed minded at all about how I dealt with him.

COMMISSIONER: What did she say, if anything, about the command that you not go and speak to the under-treasurer?  
---I can't remember the exact words commissioner but it was along the lines of, you know, you know Terry is fairly aggressive, you know, just put up with it and it's going to be for the good of government if you like. So that was the sentiment of the discussion.

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MR FLANAGAN: Just stopping there. Why did you leave CorpTech?---Well I was opposed to the model that was put forward and in talking to Barbara she suggested that perhaps I looked elsewhere. It was along the lines of you know, you've had your opportunity, we're well over budget, you know, maybe you should look to move on. But there was never any animosity or anything. It was in a helpful tone I suppose. Barbara and I got on quite well.

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May I take you to Mr Burns' May 2007 review which is in volume 1-2?---Page 35?

May I take you to page 182?---Yes.

Did you read this review?---I don't recall it, no. Sorry, I've only got page 157. 1.2 you said?

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COMMISSIONER: 1.4 (indistinct).

MR FLANAGAN: Sorry, I'm talking about volume 1-2. There's two parts of volume 1.

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COMMISSIONER: Well I don't know that - - -?---I don't know if I've got that one. 1

I don't know that I have that either but I do have the May review?---Item 1, volume 1.

MR FLANAGAN: Good, page 182 then.

COMMISSIONER: Yes, yes, 1.4?---Re planning report? 10

MR FLANAGAN: Yes?---Sorry, I've got it.

May 2007. Did you read this report?---Look, I may have seen components of it, I don't believe I've seen the whole report.

Right, can I just take you to page 187? Again, I drew your attention in the April 2007 snapshot review by Arena Consultants - - -?---Yes - - - 20

- - - that they recommended Queensland Health should not be bought forward. You see Mr Burns makes exactly that same recommendation in his report?---Yes.

The forth dot point, "Appoint of program delivery director, PPD, to resolve program management issues" do you see that? ---Yes.

Do you know that Mr Burns ultimately came to occupy a position similar to that described in his own report? ---That was my understanding, yes. 30

Yes. May I take you then to page 193?---Yes.

Item 190, which is in major recommendations, summary table of Mr Burns' report - do you see that?---Mm'hm.

He says, "Establish a highly-empowered PMO to provide the discipline processes which the PDD will rely on to meet the implementation time line." Just in terms of government speak?---Yes. 40

What does it mean by "an empowered position"?---I would think the intent of this point is that the PMO would report to someone very senior.

50

COMMISSIONER: Thank you.

1

MR FLANAGAN: Mr Bond, did you play any role in drafting the evaluation criteria for your sub-teams in relation to the ITO?---Yes.

Who else assisted in that process?---For those particular teams, I would have to check who was involved but I would think people like Scott McDonald, Deborah White would have assisted me.

10

All right. Did Mr Burns sit in on any of your evaluation panel's deliberations?---I honestly can't recall.

Did Mr Goddard?---He may have, yes.

Did Mr Shah?---Again, I can't recall, I'm sorry.

Can I go to paragraph 13 of your statement, please? You state that:

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*When the evaluation process was under way, it became clear that IBM was not winning the components of the tender I was evaluating, Accenture was. Was perhaps two-thirds of the way through as we were starting to look at the scores and bring them together.*

Now, having identified in your statement that Accenture was ahead in your evaluation - - -?---Yes.

30

- - - you were the head of two teams, weren't you?---That's correct, yes.

What were they?---Again, I'm not sure of the names but they would have been around the technical components and of the documentation components.

All right. Now, one was called "Technology"?---Yep.

What would that deal with ordinarily?---Primarily how the technical components of the solution were to fit together and what components were offered, and what capabilities they had in those particular areas.

40

And that was within a specific sphere of your expertise? ---Yes, and I would have had people in that team with more detailed experience in specific areas.

Who picked your team? For Technology, that is?---Yes. I would have thought I would have picked them.

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All right. And then for the functional and business components, what did that involve?---That's more around the requirements of the solution and how the offeror's solution would have aligned with the requirements that we were aware

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of. I would think it would also take into account the actual roll-out activities and how they were planning for those to occur, and probably a schedule.

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Given that you had selection criteria that you had assisted in drafting, what did you do for the purposes of evaluating that selection of the criteria against the three tenders that you had received? What I want is the process from go to whoa?---Okay. We would have received their written offers and in the other material that they submitted, we would have looked at those closely on their merits. There would be certain questions that we have asked and we would look at their responses. We would draft questions of clarification with the vendors that would be submitted via the procurement head, I believe it Maree Blakeney at the time, and it would be submitted back to the offeror. We would then score those particular items against the criteria.

10

All right. Now, once you had done the initial evaluation, was that by you alone or with your team?---The team.

20

And did you score after that initial evaluation?---I believe so, yes.

Having scored after that initial evaluation, what happened then?---Well, the scores were showing that Accenture was leading and I think we then submitted those scores to a central coordination type body because there were a number of teams, and they would have brought them all together to assess where things were sitting.

30

And what happened then?---Well, following that, there was a meeting that was held. It might have been sometime after but we're only talking hours or maybe a day. Terry called a meeting and stated that he felt that we weren't being fair within the evaluation from the perspective of we weren't considering new options. So honestly, I think the message he was trying to get across was that we were being a bit narrow, perhaps, in our evaluation from the perspective of looking at it from what we know as opposed to what may be possible.

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Mr Bond, that might be your impression of the meeting but can you do a little bit better, if you would - - -? ---Sorry.

- - - could you tell the commission what was said by Mr Burns, the effect of what was said?---Sorry?

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The effect of what was said?---The effect of what was said was that we hadn't really hadn't considered all capabilities within the offers and we needed to go back and reassess based on the advice that he was giving us.

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You had selection criteria for both the technology section and the functional and business components?---Yes. 1

When you did your assessment with your teams, did you assess it according to that criteria?---Yes.

Was there anything in what Mr Burns said that altered the criteria by which you were assessing?---No, the criteria wasn't altered. 10

Quite. So what was the request from Mr Burns, then?---That we were not fully considering the capabilities of all offers.

Was that correct as a matter of fact that you had not fully considered the capabilities of all offers?---I wouldn't have thought so. I would have thought we had considered it, but Terry made some reasonable points. I can't quote them verbatim but, you know, in the role of someone who's leading, you would want to make sure that an evaluation process considers all possible alternatives. 20

Can I take you to what you recall of this conversation in your statement? If I can take you to paragraph 14. You say, "In the course of a meeting of the evaluation panel"? ---Mm'hm.

Who constituted the evaluation panel?---That would have been the heads of each of the streams that were running. 30

Mr Burns said he "did not believe that we were considering all aspects", and he pointed out a number of other dimensions. What do you mean by the word "dimensions"? ---It's really around capabilities and I'd honestly - I think it was around the consideration of what was possible as opposed to starting with a process that we knew. There were no new criteria.

In paragraph 14 you state that, "He recommended we revisit our scoring"?---That's correct. 40

Again, what did he say in that respect?---I can't remember the exact words; I think they were along the lines of, "You should go back and reassess the offers that are on the table based on this advice that I am now giving you."

And did you in fact go back and rescore?---We did.

As a result of rescoring, did you then have IBM in the lead rather than Accenture in the lead for both sub-teams?---I cannot recall the exact scores but I believe that did happen, yes. It at least closed the gap quite significantly. 50

We'll come to the document shortly; I'm just testing your memory of what was said - - -?---Yeah.

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- - - at these - - -?---I thought it did, yes.

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How did you react to this meeting?---Yep. I didn't really appreciate it. I felt that - my main concern was around someone external to government leading the process and I raised those concerns with Barbara Perrott over the next day or two.

Did you meet with her face to face?---Yes.

10

What did you say to her?---I said I was concerned with the way that the evaluation was going that Terry was leading.

Did you refer to this particular meeting?---I referred to us having to rescore but I may not have referred to the actual meeting.

And what was her response?---Her advice to me was that I should let Terry - I should support Terry, I should let him get on with trying to find a new way to deliver the solutions and should be as supportive as possible.

20

In paragraph 16, you state, "Mr Burns said, 'I think you need to consider these particular dimensions.'" Do you see that?---Yes.

He was not specific about a particular vendor?---That's right.

What do you mean by that statement?---He never said, "I think you're being unfair to IBM," or, "Accenture," or, "Logica." So he never referred to a particular vendor in his talks.

30

Mr Bond, at this stage it was a two-horse race, wasn't it? ---That's correct.

In relation to that two-horse race it was between Accenture and IBM. Yes?---That's right.

40

At the time Mr Burns asked you to rescore, Accenture was ahead for your two sub-teams. Correct?---That's correct.

And the talk with Mr Burns occurred in that context, did it not?---It did, yes.

And as a result of that talk, you rescored and had IBM leading instead of Accenture?---That's correct.

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Thank you. When Mr Burns has this meeting with the team leaders, did you raise the concerns with him that you raised with Ms Perrott?---Not with Terry, no. 1

Why not?---I probably didn't have that relationship with Terry where I could raise issues, whereas I did have that relationship with Barbara.

I just want to understand before we come to the documents; in terms of the evaluation process after your teams had done the preliminary evaluation, was there a peer review of scoring of those teams by team leaders?---Certainly team leaders would have been accountable, so I don't know that we called it a peer review but certainly team leaders would have reviewed those scores, yes. 10

Thank you. Now, Mr Commissioner, I should point out we have some documents that constitute the evaluation both in terms of scoring and in terms of reports by the evaluation teams. Those documents unfortunately in most instances are not dated so we don't know the exact sequence of events so there are certain assumptions that we will need to make as we go through these documents with the witness. 20

THE COMMISSIONER: Yes, as long as you make clear what the assumption are. I'm sure we can cope with that.

MR FLANAGAN: Exactly, yes.

Mr Bond, I want to deal with the technology part of the evaluation first. In that regard, may I take you to volume 19 of the tender bundle. Now, if you could turn to page 131, please. You will see there that this is a blank scoring page. Is that correct?---It looks like it, yes. 30

It's the evaluation criteria matrix for technology?---Yes.

And you see there that the team there is identified with you as the lead, Darrin Bond?---Mm'hm, yes. 40

And four other members of the team?---Yes.

Then underneath the heading Technology, there is a number of categories identified?---Correct.

Then there is personal scoring - sorry, provision made for personal scoring and then a moderated score?---That's right.

And if you look along at the ITO criteria, you will see there that there are five criteria that have been identified?---Yes. 50

So under ITO criteria which is around two-thirds down the page?---Yes, sorry, yes.

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That's the five criteria against which the tenders were being assessed under the Technology heading?---I would think so, yes.

1

Just above that, you will see advisory coordinating members for technology were Terry Burns, Keith Goddard, Shaurin Shah, Francois Van Leel and Amanda Doherty?---Mm'hm.

Who was Francois Van Leel?---I cannot recall.

10

Amanda Doherty?---I can't recall, sorry.

All right, thank you. From there, would you just go to page 129 to 130 in the same volume?---Mm'hm.

If you look at page 129, you will see some recommendations but again the scoring has a moderated score in this instance - - -?---Mm'hm.

- - - but it doesn't have individual scores?---No.

20

But if you look at the moderated scores, you will see that the moderated score for Accenture is 3.25?---Correct, yeah.

For IBM, it's 3?---Mm'hm.

And for Logica, it's zero because of the non-complying nature of their tender?---Correct, that's correct.

Then if you look under recommendations, it deals with each subcategory. Is that correct?---Yes.

30

And for present purposes, the only subcategory I want you to look at is over the page and it has justification for subcategory 2 integration - - -?---Yes.

- - - with respect to payroll processing, the IBM proposal introduces four integration points and is higher risk. Do you see that?---Yes.

40

That would seem to have been the sub-teams evaluation of the IBM proposal at that stage?---Absolutely.

Then underneath that, the Accenture strategy of removing the Saba and RASP products - - -?---Which is (indistinct) SAP.

Thank you. Reduces the complexity of the integration of the landscape. Yes?---Yes.

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All right, thank you. From there, could we go to page 106 to 107. I would like you if you can to recall those comments under the two subcategories. One if a recondition of high risk in relation to the IBM proposal?---Yes.

So now I'm taking you to page 106, 107. Again, starting at 106, there are no moderated scores?---No. **1**

But there are - sorry, there are only moderated scores, there are no individual scores?---Yes. So typically, we would handwrite scores in and it would be a working document as opposed to a final document.

Now, the assumption we are making here is that based on your evidence, this document is later in time to the documents I have just shown you?---Yes. **10**

And it would show and it does show that Accenture's score has been changed to 3.03 and IBM is now in the lead at 3.17. Do you see that?---Yes.

Can I take you to the comments for the subcategories?---Yes.

The relevant subcategories again and what seems to have changed in the comments are found in justification for subcategory 2 integration?---Mm'hm. **20**

IBM propose all award processing in Workbrain?---That's right.

This introduces more integration points in the - - -? ---Overall.

Overall - - -?---Solution. **30**

Solution. Whereas with Accenture now, it says, Accenture propose removing the Saba and RASP products to reduce integration points in the overall solution, however the eRecruitment alternative proposed to RASP is highly questionable at this stage?---Yes.

So they are changes made in relation to the assessments for those subcategories?---Absolutely, so as time goes on and more information is gained from their proposals, we would have had clarification questions so using the Accenture one as an example, we would have said, "How do they intend to do eRecruitment?", they would have described it to us and we would have put a comment in here as to those aspects. **40**

All right. Can I take you then to pages 108 and 109?---Yes.

I think you will find the scoring is pretty much the same; 3.03 for Accenture, 3.17 for IBM?---Yes. **50**

And if you turn over for the subcategories, it seems to have the same comments in relation to that?---Yes, that's right.

So there has been no change at least in relation to those two documents?---That's right.

1

Thank you. Can I take you then to 102 to 103?---Yes.

Again, it would seem to be the same figures and it would seem to have the same comments, yes?---Apart from Logica everything scored, so I imagine for some reason a decision was made to apply the score to them.

10

Yes, good. So, in the first version that I showed you the scoring's blank, in the second version I showed you the moderator's score to four decimal places was favouring Accenture, yes?---Yes.

And the recommended conclusion in the section version I showed you, the panel recommends that Accenture provide the offer be considered as the offer for this category. Do you want me to take you back to show you that?---No.

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All right. So at that stage, Accenture was being suggested as the relevant recommendation of the panel for technology, yes?---Yes.

1

The third version moderated the score, now, to two decimal places and has IBM in front at 3.17 to 3.03, but the recommendation remains Accenture. But if I take you back to that document at 106 to 107, you'll see that at any reference to the IBM proposal being high risk has been removed, as I showed you on page 107?---Right, okay.

10

Without going through the exercise in detail with you, can I also suggest that in relation to Accenture the words that have been removed in relation to Accenture is that, "It reduces the complexity of the integration landscape, rather the Accenture is highly questionable at this stage." Do you see that?---One aspect of it.

One aspect of it?---I can't quite pick it up yet, sorry.

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All right. If you'd just look at subcategory 1 at page 107?---Category 1?

Sorry, subcategory 1 on page 106?---106, yes.

*IBM are committed to retain, as is architecture, unless clear drivers for change can be demonstrated. Accenture are suggesting minimising the technical complexity of the solution by removing the Saba and RASP products, this approach needed to be verified from a functional perspective. It is believed that SAP E recruitment is not mature enough to deploy in QG.*

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Do you see that?---Yes.

Thank you. And if you then turn to page 108, 109, can I suggest that the main change there apart from Logica now being scored is that IBM has now replaced Accenture by the words, "The panel recommends that IBM, providing the offer to be considered, is the offer for this category"? Do you see that?---Yes.

40

Thank you. Now, can I turn, then, to the written reports of the technology evaluation panel, and for that can I start at item 18.71, which is in the same volume, Mr Bond? These are the actual written reports, not for technology but for functional and business?---Yes.

And it would appear that there are three versions of this document?---Okay.

50

The final version identifies 12 strengths for IBM at page 314. The previous version, which I'll take you to, at page 332, identified nine strengths. Do you see that?---Yes.

Mr Commissioner, the assumption that we do make for this purpose is that where the strength numbers have increased the evaluation is later in time. Is that a fair assumption to make?---Yes, certainly.

1

All right. So the strengths we don't find here at page 332 in relation to IBM but find later on would suggest that strengths have been added at a later time?---Yes.

Correct? All right. So the nine strengths that are identified at page 332, and I just ask you to note that Accenture has 17 strengths noted there, but the three strengths of IBM that are added at page 314 are these, "1: the schedule appears to be realistic based on IBM's proposed innovations." Yes?---Yes.

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The second one is, "The IBM offer provides an innovated alternative for award configuration to accelerate the implementation effort and reduce the support effort." Yes? ---I can see that, yes.

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And the third new strength seems to be item 11, "The upgrade of recruitment ASP has been addressed, provided for in the IBM proposal." Yes?---Yes.

My question is this: is it correct to identify the first and fourth strengths as relating to the innovation if IBM, namely, that Workbrain would be used for the purposes of awards in the Health payroll system?---I would think so, yes.

30

Is there any other innovation in respect to the IBM tender? ---I don't recall any, no.

Now, as team leader, were they your words?---I probably wouldn't have typed them or drafted them but certainly I signed off on them, so as team leader I'm accountable for it.

Who, to your knowledge, drafted them?---It would have been one of the team members, I would think, but I'm unsure.

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COMMISSIONER: Would it have been his or her own work or were the concepts given to that person?---I think the concepts would have been discussed, so they wouldn't have been sitting in isolation to come up with these words at all. It would have been discussed over a few days.

By the members of the team?---Sorry?

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By the members of the team?---Yes.

MR FLANAGAN: When the first document I showed you for the various subcategories, and it was your view, was it not, that the use of Workbrain in this innovative way to have

the awards linked to Workbrain rather than to SAP was highly risky?---It was unproven.

1

Well, if it's unproven isn't it highly risky?---Yes, until it can be shown. We asked for a number of reference sites and none were able to be given that adequately showed us that sort of integration and capability existed.

Yes, you're going to appreciate my question, though. How did you get to a point in an evaluation process of identifying something that's highly risky to then identifying that high risk as a strength in terms of innovation?---And I would think it would come after the discussion that Terry had with us around just because you don't fully understand how it's going to work doesn't mean that it's not possible. The IBM offer would have shown a schedule that was much more aggressive than the Accenture one, and therefore if that innovation, if that solution was able to be delivered then it would be a great outcome for the initiative. As such, because my team was somewhat uncomfortable, we asked for certain guarantees around proof that this would work.

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20

I'll come to that, but for the purposes of evaluation how does one get to the point of identifying something as a high risk to identifying it as a strength in the sense of it being innovative?---And the point to us was, "If they can show that this works then it is agreed that would be a good solution, and a solution that was much faster to implement," and that was the key to IBM's proposal.

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COMMISSIONER: Who put that to you?---Well, that would have been put to us by Terry, I would think. 1

MR FLANAGAN: Prior to you signing off on the final evaluation report - - -?---Yep.

- - - did you obtain the proof that Workbrain could be used in the way being suggested by IBM and successfully interfaced with SAP?---No. So it was not part of the evaluation but it did lead to a guarantee and an activity that was to be undertaken as the initial part of the engagement whereby IBM would prove that this technical capability was possible and it would be treated as a critical condition of the contract, and if it wasn't possible then the contract could be terminated. 10

Can I then take you to the functional and business assessment, and for that purpose again, can we stay with volume 19. Can I take you first to page 328. Here we have Accenture ahead at 3.16?---Mm'hm. 20

And IBM at 2.63?---Yes.

First of all, is that a significant difference in terms of scoring, even as a moderated score, for a function in business?---We would think so, yes.

Why is that?---Well, you know, there seems to be a significant gap. I would look at those and go, "All areas, Accenture is ahead in all areas." 30

Then if you look over the page which has the various commentary for this - actually, if we start at page 328. It says under the justification for sub-category (1):

*Accenture have strong methodologies around scope management and approach to scope delivery.*

Do you see that?---Yep. 40

And it says, "Accenture demonstrates strong understanding" et cetera. Do you see that?---Yes.

"Accenture proposal implies that scope may be constrained," and whatever?---Yes.

And similarly over the page it's identifying Accenture as having a number of these strengths. Yes?---Yes.

All right. Can I take you from there to page 531 to 532. I'm afraid for that purpose you actually need to move to volume 20?---Okay. What page, sorry, Mr Flanagan? 50

Page 531, Mr Bond. Now, the scoring has changed so that Accenture is now at 3.05?---Mm'hm.

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And IBM have come up to 3.15. Do you see that?---Yes. 1

The recommendation commentary, though, that follows on underneath that for 5.31 to 5.32, if you read it, it would seem the primary change is this: instead of just Accenture being in a positive position, the wording is changed to, "Both IBM and Accenture have strong methodologies"?  
---Mm'hm.

Instead of "Accenture", it's now, "IBM demonstrates a strong understanding of the program"; that is, there's been a straight change - - -?---Yep. 10

- - - from Accenture demonstrating a strong understanding of the program to IBM demonstrating a strong understanding of the program. How does one get to a point where you've actually identified Accenture as having a strong understanding of the program in your analysis, in your evaluation - - -?---Yep. 20

- - - and then simply replacing IBM with having that same understanding, but it would seem, having not mentioned Accenture there, that Accenture ceases to have that strong understanding?---I can't recall exactly but I would think there would be clarification questions. We would have looked at their - in greater depth in their contingencies, particularly around LATTICE and things like that, so all I can say is through the method as we gained more information, we changed the assessment. 30

Another thing that's been changed from this version to the other is that in the other version, which I didn't take you to but you can take it as being read, that you refer to the IBM approach as potentially very high risk?---Yes. 30

Those words have been removed from this analysis?---That's right. And I would think that's solely around the work - I think it refers to the high risk around Workbrain configuration and with greater assurances and guarantees around the Workbrain configuration. I would think that's why that's taken away. 40

All right. May I move then to Workbrain?---Mm.

COMMISSIONER: Was the risk removed or simply transferred to the contractor, so IBM?---Well, certainly IBM take an element of risk but the philosophy that I would have held is regardless of, you know, who's taking the technical risk, the risk always resides with the government. If there's a failure of the program, then the government has a both financial and political responsibility exposure. 50

I understand that but why do you say that the risk was removed or addressed by IBM taking up some contractual risk, if as you say ultimately the risk if everything fails is with the government?---So those assurances that we were

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getting from IBM that: (1) it would work; and (2) that they would do a piece of work, a preliminary piece of work to assure us that it did work, alleviated a large portion of that risk. So the risk was still there but the mitigation strategies were probably a lot more appropriate than when we knew nothing about it.

1

And what was the piece of work done to demonstrate that Workbrain was effective?---Yep. That was a piece of work - so there was a document that I provided this morning. I gave you that.

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MR FLANAGAN: Yes. May I come to it, commissioner?

COMMISSIONER: Yes, of course.

MR FLANAGAN: Thank you. Can I take you to volume 30, page 1194? This is just going to be a sequence of documents, Mr Bond?---Yep.

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This is an email from a Mr Bloomfield to Maree Blakeney - - -?---Mm'hm. Yep.

- - - that a person, who I won't name, has confirmed today she will take your call and she's been the project director for a particular organisation?---Mm'hm.

And then another person is named from another organisation? ---Yes.

30

Did your team require references from IBM - - -?---Yes.

- - - that Workbrain could be operated in the way that they were suggesting?---Yes.

And at the same time be able to interface with SAP? ---Absolutely.

Now, in relation to these two references, did you continue to be dissatisfied with the evidence that the solution being proposed by IBM was functional?---There wasn't enough advice given by these and there was one other as well - I won't mention it unless you want me to - one other reference. There was not enough assurance that this was going to be a possible solution for us.

40

All right. Could you turn to page 1198, then. In the course of evaluation, your team, your teams constructed a number of questions, did they not?---Yes, we would.

50

And they were questions that were then delivered through Ms Blakeney to either IBM, Accenture or Logica?---Correct.

1

And this one would seem to be directed to IBM, if you look at page 1198, at question 24, "Queensland Health will require access to both CATS functionality to satisfy their projects, requirements and to Workbrain for their time and attendance and rostering requirements. How will these requirements be met under your proposal." That was one of the issues that your team was considering?---Absolutely.

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Can you then, if you would, go to volume 24? I'm sorry, your Honour, that's the wrong reference.

COMMISSIONER: I wondered.

MR FLANAGAN: It's volume 30, page 1204.

COMMISSIONER: Page - - -

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MR FLANAGAN: 1204.

COMMISSIONER: Thank you.

MR FLANAGAN: Do you recall some difficulty on the part of Ms Blakeney identifying or being able to contact one of the referees given to her by IBM?---I can't directly recall it, but certainly the referees that you provided before I wasn't aware of us contacting the first one, so I imagine that was this issue.

30

All right. Having contacted the second referee, was the team satisfied that the solution by IBM could function? ---No.

Then if you look at this email, it's from Ms Blakeney to Mr Bloomfield, "As per our discussions yesterday, has IBM been able to source another reference site to assist with further understanding the Workbrain award processing component of your offer?" And that was a very innovative - - -?---That's right.

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- - - aspect that you've identified as two of the additional strengths of the IBM tender?---I recall it separated between the two offers.

All right. Thank you. From there, may I take you to, in the same volume, page 1206? This is an IBM response to the clarification questions, and you'll see there that it's dated 11 October 2007, which is during the ITO process. And if I may take you, Mr Bond, to page 1216 - - -?---Yes?

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- - - and if I can ask you to read item 16? In any event, IBM was able to supply two further references for Workbrain having or dealing with an awards implementation?---They did

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provide more references. I don't recall this one but I do know of two others. 1

All right. Again, did your team ring these referees?  
---Yes.

From your conversations with these referees, were you satisfied that it was functional?---Partially. Certainly, the referees described there having award interpretation within Workbrain, but not with integrating them back to SAP. In one case, one of the referees was unwilling to provide too much detail because they felt it was their commercial advantage. 10

All right. And then if I could take you to page 1217, that's the second reference, yes?---Yes.

And then may I take you then to page 1453? It would seem that at least by 15 October 2007, your teams were still requiring the presentation from IBM specifically in relation to the product application, "Mix Workbrain conceptual model." Do you see that?---Yes. 20

And a presentation was arranged between 9 am and 11 am on 17 October 2007. Do you recall that presentation?---I'm sorry, I can't, no.

Can you recall this: after that presentation by IMB, were you and your team satisfied that the innovation of the solution suggested by IBM was functional?---Not completely to the point where we should commence with a contract and begin work on the implementation within Queensland Health. 30

And then if you turn over the page at 1454, that would seem to be - well, do you recognise that document?---I don't, sorry. 1454?

Yes?---No.

Do you recognise any of the topics on that document as being topics addressed in the presentation by IBM?---I can't recall the actual meeting, they seem like topics we would be asking for them to present. 40

Was it, in any event, decided that any doubts your evaluation teams had about the workability or functionality of this innovation of IBM was to be dealt with in contractual negotiations?---We believed that as part of the contract that was being negotiated a provision would be put in there for evidence to be provided, and proof, and demonstration, a pilot if you like, of how this would work, and there was a project developed to do that. 50

But my question to you is: how, as an evaluation team of a tender in a government process, do you come to the point of

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comparing one tender against another tender and saying, "Well, we think this is high risk, we've spoken to some referees, we've had a presentation and now we'll leave all that doubt to a contractual negotiation," after the award has been given of that contract or that tender to the person that you've already identified as high risk?---Yes, and there was pressure placed upon the team to have the evaluation done quickly and that we move into contract negotiations, and there was advice that this could be addressed post contract negotiations but as a key element to the contract to ensure that IBM did have the capability to perform this.

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Who put the - - -

COMMISSIONER: Mr Flanagan, remind me, if you would, when was the date of the decision to award the tender to IBM?

MR FLANAGAN: The actual sign off on the final tender is 23 October 2007.

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COMMISSIONER: Is that when the letters are written to Logica and to Accenture?

MR FLANAGAN: Saying they've lost, yes, we'll just check that date.

COMMISSIONER: Thank you.

MR FLANAGAN: I think it is 23 October.

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COMMISSIONER: Thank you.

MR FLANAGAN: Who put the pressure on your teams to do that?---It would have been through Terry and Barbara.

All right. Who told you that one could deal with it in contractual negotiations?---I can't honestly recall, sorry.

Can I take you then to volume 31, which is the actual contract of 5 December 2007? With volume 31, Mr Bond, would you please turn to page 1510?---Yes.

40

That's the contract, dated 5 December 2007, between the Queensland government and IBM Australia Ltd?---Yes.

Your Honour, to answer your question, it's actually 26 October 2007 is when Accenture receives the - - -

COMMISSIONER: Thank you.

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MR FLANAGAN: - - - letter of refusal. But I think I'm right about the evaluation panels, the final report being 23 October. Could you turn, in this document, to clause 5.3, which you'll find on page 1521?---Yes.

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And you'll see there that clause 5.3 deals with Workbrain.  
"As part of the contractor's tender proposal, the  
contractor proposed a revised architecture in relation to  
processing awards." That's the innovation of IBM, is it  
not?---Yes.

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And the contractor makes specific warranties in relation to 2C schedule 26 clause (4) which I will take you to shortly?---Thank you. 1

To reduce risk, the parties agreed that the contractor will conduct a Workbrain scalability assessment as part of the SOW5. Is that correct?---Yes.

And then you will see there in the second paragraph, "On or before 4 April 2008, the parties will meet and review the results to date of the Workbrain scalability assessment"? ---Yes. 10

THE COMMISSIONER: Mr Bond, in this context, what does scalability mean?---It means that it can be expanded to both the volume and the requirements of something as complex as Queensland Health.

Thank you.

MR FLANAGAN: And in the final paragraph of clause 5.3, "If the parties agree that there are unacceptable risk of proceeding with or failure of the contractor's proposed design, the parties will also agree on a contingency plan." Do you say that?---Mm, I do. 20

All right. Then if I could then take you to the warranties at page 1624 and at the bottom of the page you will see clause 4?---Yes. 30

"The contract is designed subject to 4B and 4C, the contractor will use Workbrain to provide the award interpreter module for non-rostering agencies as described"?---Yes.

"The contractor will be responsible for deploying the award interpreter module using Workbrain so that it passes the agreed acceptance criteria for the scalability assessment." Yes?---Yes. 40

Thank you. If you turn over the page, I will just ask you to note b and d?---Okay.

Then if you go to schedule 46 of this contract which you will find at page 1660?---1660?

Yes. Schedule 46 which is entitled LATTICE replacement. You will see there behind schedule 46 is the Workbrain scalability assessment summary for December 2007?---Yes. 50

Now, I appreciate you left CorpTech in late 2007, but this morning, did you provide to the commission a further document that you located overnight?---Yes. This was located on the treasury restoration of the CorpTech files.

Thank you. Is it a document entitled Program 42 Workbrain Scalability Assessment Test Plan?---Correct. 1

May I tender that document, Mr Commissioner.

THE COMMISSIONER: Yes. The plan will be exhibit 10. The Workbrain Scalability Assessment Test Plan is exhibit 10.

ADMITTED AND MARKED: "EXHIBIT 10" 10

MR FLANAGAN: Now, if you turn over to the second page, it says, "This is a document created on 2 May 2008." Yes? ---That's - yes, that's correct. I look at the revision history on page 3 and I would suspect that it was created somewhat earlier.

All right. If you look at the revision history, the document seems to be first created on 3 April 2008, the initial revision?---Correct. 20

Then the final revision - actually, it's not a final revision, updated revision version 1.1, 2 May 2008?---Yes. 30

I just want to know your knowledge of whether it was ever demonstrated through this contractual process at least that the innovative idea of having the awards function on Workbrain and interfacing with SAP worked?---I don't know. I had left the organization by that point so I don't know the outcomes of this particular project. 30

Do you have any knowledge of one of the primary difficulties in carrying out this contract at Queensland Health?---Not in detail, no. 30

Do you have any knowledge of whether difficulties were encountered in terms of interfacing SAP with Workbrain where Workbrain was dealing with the awards component?---Yes. So only from what I have read publicly and the interpretations I then make, I would have thought that the integration between Workbrain and SAP was a significant problem. 40

THE COMMISSIONER: Can I interrupt, Mr Flanagan.

MR FLANAGAN: Yes, of course; sorry.

THE COMMISSIONER: Mr Bond, you say you have found this document, the assessment test plan recently?---Yes, commissioner. I found it yesterday. 50

I know that there has been great difficulty in finding the documents we have been asking for because of the archiving of the documents and changes in the technology and to find them but can I ask you this: this is the proposed plan to see whether Workbrain would be effective?---Correct. 50

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Have you come across a document to show what the results of the plan or the tests were?---I haven't but there may be one in that file still, so this was the only that I was able to locate. I was actually looking for another document and stumbled across this by chance and thought it may be of interest.

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I take it the search is continuing?---I believe so. I believe treasury are continuing searches all the time.

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Thank you.

MR FLANAGAN: one of the issues that we will explore in the contractual negotiation part is whether this type of document and the warranties and clause 5.4 constitutes a condition subsequent to the contract itself and whether it was ever established that this had functionality.

THE COMMISSIONER: I understand that but it seems that in April - is that right, April 2008?---That's correct.

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- - - which is, what, five months after the contract is signed, someone turned his or her mind to whether the innovation in fact could ever work?---Correct.

And as far as we know, the tests that were put to the test? ---Correct.

Can I just ask you, Mr Flanagan, if you go back to the clause at page 1624, clause 4 in the warranties, it says the contractor to use Workbrain to provide the award interpreter module for non-rostering agencies. Queensland Health of course was a rostering agency. Was there a warranty that dealt with that?

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MR FLANAGAN: Not as far as we can tell. This seems to be the only warranty that's relevant to Workbrain.

THE COMMISSIONER: And it's right, isn't it, Mr Bond, that the risk of failure would be greater with the rostering agencies because of the complexity?---Complexity, yes.

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Yes, thank you, Mr Flanagan.

MR FLANAGAN: Just a few final questions. During the course of the evaluation of the tender and the ITO process, did you become aware that there was a tender directory?---You mean a location where all tender documentation was kept?

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Yes?---Yes.

Can you describe that for us?---I can't recall its exact structure, but it would have had an overarching structure whereby each team had its own directory. I think the teams were restricted from seeing what was in other teams'

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directories and then there would have been a master control that I would assume Terry and Keith and others would have had access to, so those names on the bottom would have had access to that, mastery directory, I would suspect.

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Now, you were one of the signatures to the final report of the evaluation panel but from the directory itself, can one tell who accessed documents, who changed documents and when they changed documents?---It will depend on the file system that they have in place. I suspect that treasury's file system may not have that capability.

10

All right, thank you. That's the evidence-in-chief for Mr Bond.

THE COMMISSIONER: Thank you. Mr MacSporran?

MR MACSPORRAN: Thank you.

Mr Bond, you had been part of the rollout through CorpTech of the Shared Services Initiative for a number of years before the prime contractor model was considered. Is that right? ---That's right, yes.

20

Your view was - and I'm not saying it's right or wrong, but your view clearly was that the matter should progress with adjustments as you have suggested from your draft paper, but the plan should continue that way to roll out those initiatives rather than a need for a prime contractor model?---I disagree with the prime contractor model. I think we needed to look at new ways of packaging particular pieces of work to go out to vendors but certainly, I didn't agree with the prime contractor model.

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And to that end - well, you would agree, I take it, though that the roll-out to that point undoubtedly had gone well over budget?---Yes. 1

And had caused significant delay in the roll-out itself? ---That's correct.

So something had to be done?---Yes.

A question of what was the best way forward?---That's correct. 10

Now, could the witness see exhibit 9, please, commissioner?

COMMISSIONER: Yes.

MR MACSPORRAN: Mr Bond, this is your draft paper? ---Mm'hm.

Do you have that with you still or was it back with the commission?---I've got a copy. 20

Thank you. You've got a copy?---Thank you. Sorry.

Now, the front page has CorpTech SSS directions paper? ---Mm'hm.

And the date was June 2006?---Yep.

Is that the correct date or is that a typo?---Oh, it would be circa that. 30

So this is an evolving paper. You would - - -?---This is a draft of what I used to - - -

Yes?--- - - - discuss with Jarad, so - - -

And you commenced drafting this around that date, perhaps back as early as June - - -?---Yes.

- - - 2006?---Yep. 40

Might have even been earlier than that?---Oh, sorry, no, I suspect that - sorry, that is a typo. 2007 it should say.

Okay. That's what I'm getting at?---My apologies.

So this paper was drafted for the purpose, if you like, of bringing to attention what your views were about the inappropriateness of the prime contractor model?---Yes. 50

And that there were other solutions that should be considered before the prime contractor model was taken on board?---In my opinion, yes.

In your opinion. And with that in mind, you went to see Mr Bradley?---Yes. 1

Now, did you give him advanced warning of what you wanted to discuss with him?---I may not have in detail but he would have been well aware of my views and what I wanted to discuss. I had expressed those views previously to him.

Had you before this time; that is, mid-2007, expressed any view as to viable alternatives to the prime contractor proposals?---I had been talking about options but I hadn't formalised any discussions with Jarad at all, but I would think Jarad was well of my position and my opposition to the prime contractor. 10

And had you had before June 2007 the meeting you told us about, had you had formal meetings with him before that time on this issue?---Not - - -

Or just casual discussions?---Casual discussions, yes. 20

All right. So from that process he understood your views, but this was the first formal occasion you got in some solutions in a structured way?---Yes, I would think so, yes.

Did you provide him with a copy of your draft paper?---I don't believe so. I think it was just a discussion.

Did you take your draft paper with you when you met with him?---Yes. 30

And did you speak to the draft paper?---Yes.

I take it during that meeting he didn't ask you for any written material or a copy of your proposal?---No, no.

But can we at least say this: that he took seriously your concerns about the proposals?---I'm sure he would have, yes. 40

He didn't have to meet you, did he?---No, no.

But he was interested in what you had to say about what the possibilities were of a solution to go forward?---Yep. Jarad and I have worked together for many years, so I think he was interested in hearing my opinion.

He respected your views?---I would think so, yes. 50

That was his demeanour towards you, wasn't it?---Yes, absolutely.

And how long did the meeting last for, do you recall now, approximately?---I would think it was 30 or 40 minutes.

And did you leave there with the belief, at least, that he had given you a fair opportunity to express your views?  
---Yes. 1

You'd gone through the detail similarly to the way you've told us about the options?---I did, yes.

Was it just the two of you, by the way?---Yes.

And did he express a concluded view before the meeting ended or did he say he would think about it and come back to you, or - - -?---He was reasonably clear on his view. 10

And that was, as I think you've told us, that there needed to be a complete change of direction, as it were?---Yes, that's correct.

I think you knew this but did he articulate to you at this meeting that he had advice along those lines from reviews that had been carried out?---He didn't articulate that but we were both of the knowledge that had happened. 20

It had happened recently to this meeting date, hadn't it?  
---Yes, I would think up to - well, the Arena report, was probably about two months before him, so - - -

And you knew that those reviews had been done by a consultant firm, Arena Consultants?---Yes.

Involving Gary Uhlmann and Terry Burns?---Correct. 30

You knew something about Gary Uhlmann's background?---I knew that he had worked in Main Roads Transport and I knew - - -

At a senior level?---At a senior level.

Generally?---Yes. And I knew that he had since retired, resigned and gone into consulting. 40

So he had a very solid background on that basis in the public service - - -?---Yes.

- - - or appeared to have?---Yes.

You would expect he would have understood the public service - - -?---I would think so.

- - - with that background?---Yeah, fair enough, sir. 50

And you understood the view he came to in that review matched the conclusions that Terry Burns had reached in May 2007. They are similar views?---Similar; although, I don't think Gary's specifically went to a prime contractor model.

But it was something that morphed into that, as it were?  
---Absolutely. 1

And it was heading that way?---After Gary's review, I wouldn't have naturally assumed that it was going to go that way. I think that's something that probably evolved after that point.

Now, one of your concerns about Mr Burns generally was that he wasn't a public servant?---Correct. 10

He was someone coming in from the outside who seemed to have a huge amount of influence?---Yes, and not that I have any problem with working with contractors or consultants, it happens every day in my field, it is more the level of responsibility that was associated with that.

I think your words were at one point in the evidence before lunch that he was someone with (indistinct)?---From my perspective. It's probably not quite the right words that I used, but certainly I didn't know him, I didn't know his background, I didn't know his qualifications or ability to be able to review such a complex program. 20

And I'm not being critical of you, but you weren't in a position for it to be necessary to inform you about that background of his?---No.

There's no part of your role to understand where he came from and what background qualifications, experience he had?---Apart from good communication, you're right. 30

But you knew he had been recruited by a consultant firm, Arena?---Correct.

And/or information professionals?---Professionals, yes.

Both of whom, to your understanding, were professional organisations?---Yes. 40

Whose job it was to headhunt people such as someone who would do a job like this?---Correct.

And you understand something of the way those organisations operate by - - -?---Very well, yes.

- - - checking qualifications, connecting someone for the role that they're looking for?---Yep.

Did that give you some comfort that the right person had been chosen?---Quite possibly. One concern I had was that Terry came in to do the review and, after doing the review, was then placed in an ongoing senior influential position. I probably would have felt more comfortable if there was a segregation of those two activities whereby you do the 50

review independently and then someone else can come in and carry forward the execution of that advice. 1

That would have been a better option as far as you were concerned?---From my perspective. It's not always possible, though.

Now, at the end of the day, I think you've acknowledged, haven't you, that your view about the prime contractor model being inappropriate was a different sort of (indistinct)?---Correct. 10

It's all very well in hindsight to say that the prime contractor turned out to be disastrous - well, the way it was implemented et cetera?---Yep.

But at the time you accepted to be a difference in professional opinion?---That's right.

And it's essentially the impression you were left with from what Mr Bradley told you at the end of this meeting? ---That's correct. 20

That he thought the government should go a different way? ---That's right.

And a prime driver in that decision was cost?---Yes. His dilemma was the program was well over budget and he needed to do something to try and address that. He was in a difficult situation. 30

Because you understood as well, didn't you, the Shared Services Initiative had first been proposed as itself a globally cost-saving method?---Absolutely. Yes, that's correct.

And that had gone wrong in these years up to 2007?---Yes, that's correct.

And that was the driving force for something that would be done about it?---That's right. 40

Now, can I take you then to the question of the LATTICE system that was in operation with the health and other payrolls in government?---Yes.

50

You had been part of a delegation to Melbourne to try and extend the support from Talent2, who owned the licence for LATTICE. Is that so?---That's correct.

1

And you've left Melbourne. That was with Mr Hood?---Yes.

You left Melbourne on that occasion with the belief, at least on a handshake basis, that you'd achieved that extension, or that you would achieve it?---That's correct, yes.

10

Now, why were you seeking to extend the LATTICE support? ---To provide risk mitigation around the program so that the pressure of LATTICE being unsupported wasn't a factor that needed to be taken into account as far as which roll-outs were to occur next.

And the support for LATTICE was rather critical, wasn't it? ---Yes, absolutely.

20

Vendor support as opposed to taking it on yourselves? ---Vendor support would always been preferred, but I guess the bottom line is support is the critical thing.

Vender support being the obvious better option because they knew the system, they knew exactly how to tweak it as it evolved?---Yes, well, typically vendors know their system inside out and they make changes to comply with things such as taxation laws or changes in legislation, they do it for all their clients and so you benefit from them doing it for everyone, it applies to you.

30

And them being responsible when they do that for everyone? ---Absolutely.

If you don't have that support you'd have to do that yourself somehow - - -?---That's right.

- - - on a piecemeal basis?---Yes, you'd have processes in place to watch critical pieces of legislation, taxation, superannuation et cetera, and you would have to then make those changes yourself.

40

The risk in doing that is much greater than having the vendor support?---Yes.

Now, it become apparent, and this is around July, August 2007, that your trip to Melbourne had not borne fruit?---That's correct.

50

When the query was made with Talent2, they said they weren't prepared to support it any further?---That's right.

And what you had been seeking was an extension for three years taking you up to 2011?---That's right.



Again, why the three-year period?---Really, it's to gain the longest period possible to, again, mitigate risk. From the scheme of - if you look at the cost of the support versus the cost of the overall program, perhaps support for a period greater than you perhaps would need would be a good mitigation strategy.

1

Right. As it stood, without that support, the LATTICE system linked on right through until the go live of 2010? ---That's correct.

10

But at significant risk the whole time?---There were risks around it, yes, but Phillip Wood's team manage to support it.

Is it fair to say that Phillip Hood would be the gentleman we should ask about the degree of risk involved in regards - - -?---I think he would - - -

Sorry?---I think he would be the most appropriately qualified who advise on that.

20

Can I take you, then, briefly to the evaluation process, you've told us about that. You said a fair comment in respect of that process, that it was enormously complex? ---It was a complex process, yes.

The categories and the subcategories which each team had to address by way of a series of questions was, and I say it as it were, cross-referenced so that the system was designed so that no individual had a controlling say in the outcome, as it were?---Yes, that's correct.

30

It was designed that way, as a complex matrix to achieve that result?---That's correct, yes.

And that, generally speaking, seemed to work well? ---Certainly in process that I've used in the past, that is an appropriate method and I felt it was appropriate in this case.

40

And the evaluation process itself was set out to permanent stages where you'd have, in the first stage, a series of draft scores?---That's correct.

Which would then be moderated by other teams to achieve a section round of scores, as it were?---That's correct.

And often it wouldn't be surprising that the scores change in that process?---Not at all.

50

That was a healthy process - - -?---That's right.

- - - it was moderated as well?---Yes. I may read something and completely miss a critical point, and so

someone else may raise that for me and completely change the score. 1

And within each individual team, there were no separate scorings, it was a team score, as it were?---That's right.

So some of the team would talk about the issues and then arrive at a consensus to score that category?---Absolutely.

And you'd go to other teams and compare scores and discuss them?---You wouldn't compare, you would go to other teams and they would look at your scores based of what they've read and give you feedback based on that. 10

And in that process the scores don't change?---They may, yes.

Now, again, is it fair to say that throughout this whole process that the two only tenderers, really, Accenture and IBM, scored very close together?---Yes. 20

There was very little in it throughout the whole process?---Correct.

And some teams, to your knowledge, right towards the end had IBM in front of Accenture?---I would think so, yes.

You'd know that to be the case from discussion you had during this process, that some teams had IBM in front as opposed to your teams which had Accenture in front?---Yes, I would think so but I'd have to check the scores to be sure. 30

The score sheets would reveal that anyway?---Yes.

And your case is, you've told us, Accenture was marginally in front of IBM for both of your teams?---Correct.

And that's when you say this meeting occurred with Mr Burns?---Yes. 40

You detail that in your signed statement, firstly, haven't you?---Yes, that's correct.

And then you've given the evidence here which extends beyond what you've said in your signed statement to include other features of the meeting and what occurred from it?---That's right.

One thing you seem to be clear on is that Mr Burns, whatever else he said to you, didn't nominate which tender or vendor should be the one to benefit from this re-evaluation process?---I'm positive about that. 50

He said nothing to indicate directly to you that it should be IBM or Accenture?---No.

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Was he aware when he this meeting with you of what your team's scores were, who, in fact, on your scores was leading the tender process?---I can't be sure. I would suspect so, but I cannot be sure.

1

Can you tell us, then, from the way the process evolved with Mr Burns leading it, would he have routinely checked scores or did he not seem to be interested in individual scores? Was he more having an overview of the process? ---I think he was interested, I think his main focus was assisting in the financial aspects, from recollection. You know, it's hard to make sure that you're comparing apples with apples and I think his main focus, from what I recall, was to assist to make sure that the financial evaluation was appropriate.

10

Again, I think you've said in your statement at lease, if not, confirmed in oral evidence today, that what he suggested to you that you should be looking at before you did this re-evaluation seemed logical?---Yes, absolutely.

20

It didn't seem to be an outrageous suggestion to go away and do something that was completely unheard or outrageous?---No, and as I said, in the same position, if I was in his position I would probably do something similar where if I felt that the evaluation team hadn't fully considered all aspects, I would ask them to go back and reconsider it. Without asking them to specifically change scores or without saying, "It needs to be this score," maybe point out some aspects that they may have missed and ask if they could re-evaluation considering those aspects.

30

COMMISSIONER: Mr Bond, is this right, from what you said earlier, that the aspect you have missed which you reconsidered to bring in a different score was the effectiveness of Workbrain as the award interpreter? ---That's correct.

And that, you tell us, was an untried theory?---That's right. I think the key message from Mr Burns was around just because an innovation isn't necessary proven it doesn't mean it can't be the most effective innovation.

40

I take it though if you're being responsible you would like some evidence that the thing worked?---Hence the clause in the contract and the commitment to developing this plan.

As far as you know, was there ever any evidence that the thing worked before the contract was given to IBM?---I never saw evidence that it worked in its full entirety integrating with SAP from Workbrain. Doing award interpretation in Workbrain.

50

All right. Yes, thank you.

MR MACSPORRAN: Mr Bond, the other thing that was obvious to you was that there was no - you weren't being forced to re-evaluate?---No.

1

The suggestion was made to you and then it was up to you as team leader for your two teams - - -?---Correct.

- - - whether you followed up on that and took onboard the suggestion?---I went back to my team and we discussed it and agreed that we would take Terry's point into account and look at IBM - specifically IBM's offer in more detail to see whether that innovation would help the initiative overall.

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Yes, and how many people in each of your teams?---I think it was four. 1

Four each?---I believe so. I don't have the list, but - - -

Including yourself?---Yes, I think so.

Okay. So talking lately about your two teams, eight of you reached the conclusion of what he suggested, Mr Burns, was a reasonable approach to take - - -?---Mm'hm. 10

- - - for the evaluation?---Yep. I'd also highlight that while we would make every endeavour to evaluate unbiasedly, we had a much closer relationship with Accenture in the HR space at that time, so, you know? A point that Terry also made would be: make sure that you're, you know, parking any bias or any previous influence at the door.

That was another reason why he sensibly suggested to go back and have another look?---Correct. 20

Because you had been, as you say, very close to Accenture during the roll-out of the SSI?---Extremely close. That's right.

Although IBM had contractors, you weren't - you had nowhere near as much contact with them?---No, no.

And the other aspect to it was that when you did your re-evaluation, you weren't obliged to score IBM higher? ---No, that's correct. 30

Again, it was totally up to your teams?---Correct.

And I assume when you arrived at, ultimately, in that re-evaluation process, scores for each team that placed IBM ahead of Accenture, the eight of you all agreed with that? ---If it could be proven that Workbrain could do the award interpretation and integrate the SAP. 40

Your qualification was that it had to be established as an obvious point that it would have?---That's correct. And I would have preferred it to be done pre-contract but there were pressures, as I described earlier, to have the contract signed as quickly as possible.

And - - -

COMMISSIONER: Sorry, excuse me. Mr Bond, did Ms Perrott understand that IBM position, as it were, depended for its attractiveness, its innovation on this untried theory?---I believe she would have, yes. 50

Did Mr Burns understand that?---Completely.

You understood it, obviously?---Yes.

1

Did you bring it to Ms Perrott's attention?---I raised concerns with Barbara that, you know, we were moving in this direction. She was confident, though, that it could be proven.

All right. Thank you.

MR MACSPORRAN: And was one of the attractions that it was - is it fair to call it a game changer, the Workbrain solution?---Well, it changed the outcome, so - well, sorry, it changed the outcome for my teams, so from my team's perspective it was a game-changer. Whether IBM still would have won the offer based on the price that they put forward, I don't know.

10

But it was an attractive option if it worked. It was a very attractive option?---If it worked, it would bring in the initiative much faster than anything that we done in the past and anything that Accenture or Logica were putting on the table. So if it was going to work, it would be a real win for Queensland Government.

20

Yes, and if it worked, doing things much more quickly would save considerable costs, wouldn't it?---Oh, considerable, and that was the - while we didn't see costs, we could see the time frames and we can have those time frames into cost really, and we could see the attractiveness of the IBM offer. Initially, we were probably putting risk higher. I think Terry's view was, you know, maybe innovation should be tried and if it can be proven, then we should follow with the innovation.

30

Yes, and again, you and your team members were quite happy to go down that path on that basis?---That's correct.

Now, you've produced exhibit 10. Do you still have that with you, the assessment test plan?---Correct.

40

Tell me this, if you go to some of the contents - I'll just try and turn up the page for you. There's a table, if you like, at page 16, I think it is. 16 to 20?---Mm'hm.

And you see a whole list of activities?---Yes.

And then a date column next in line to the right?---Mm'hm.

Does this indicate that this test plan was well advanced, it had commenced and some have been undertaken?---Looking at this, it's got a number of activities that are completed.

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Yes?---It's got scope definition on 14/12/2007 on the previous page.

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Yes?---Number of activities completed, a number planned for what looks like around that time, and it goes out to May by the looks of it. 1

So the scoping on page 15, the scope to find, which had been completed on 14 December, that's pretty much as you'd expect it to be on - what you understood was going to happen; that is, soon after signing the contract, this process would be underway?---Yes. And I had a number of discussions with IBM via email as to how this would work, what they needed to prove this et cetera et cetera and I provided those to Mr Flanagan this morning. 10

Yes. So the process had commenced and it clearly hadn't been completed but it was well underway?---Correct.

And it was projected into the future through March and April 2008?---Mm'hm.

I think you said that the last revised version of this document was 2 May 2008?---That's the date up the top. If you look at the revision date, you can see it's April. I would suspect that this formal document was created after the actual process had commenced. 20

It's to document what had been done?---Sorry?

To document what had been done and what was yet to be done? ---What had - yes, that's right, but I wasn't in CorpTech at the time, so I can only guess. 30

All right. Now, just finally in respect of Ms Perrott, she was in a very senior position?---Correct.

You've said what you observed about her involvement and you said that it was, in effect, been hands on, that Terry Burns had the greater bulk of the hands on work? ---That's correct.

That would be what you would expect, though, wouldn't it, in this situation, because she's the manager?---Yes, yeah. I would expect - I probably would have expected, from my perspective, for Barbara to be more visible, but it's, you know, different people's management styles. 40

Yes, and I take it in your position you wouldn't necessarily know, and I'm not being critical of you, but you wouldn't necessarily know how she dealt with, how she managed Mr Burns?---No, I wouldn't. 50

That is something between them - - -?---Absolutely.

- - - that you wouldn't be involved in?---That's correct.

But is it fair to say - I think you've acknowledged this - in the relationship you had with her, it was a good working relationship?---Yes, absolutely. 1

She was, within the ambit of her obligations, supportive of you?---She understood the position that I took. She didn't agree with it but she was always polite and courteous, willing to listen to my position, and perhaps, you know, vigorous discussion about whether it was right or not, but there was no animosity between the two of us at all. 10

No, and you quote, I think, one example of when you in fact left CorpTech. It was at her suggestion but she made the suggestion to assist you in your future career base? ---Absolutely, yep, and it was more around, you know, "I can see you don't really agree with where we're going. Why don't you take the chance to, you know, start something new."

Yes?---And I think it was in my best interest that she said that to me. 20

Yes. Thank you, commissioner.

COMMISSIONER: Yes. Mr Doyle?

MR DOYLE: Thank you, Mr Commissioner. Mr Bond, by whenever it is you went and saw Mr Bradley to discuss the matters you've set out in the note, which is your exhibit 9, it is plain, isn't it, that you had formed the view that it would be ill-advised to go to a prime contractor model?---Yes. 30

And you discussed that with him as fully and frankly as you thought was necessary?---Yes.

You told him the negatives as you saw it?---Correct.

And the positives, if there were any. Yes?---Yes, correct. 40

So it was in a discussion - - -?---Absolutely, yes.

And it can be no doubt that ultimately your view didn't prevail. A decision was made by whomever makes these things within the government to go for the prime contractor model?---Yep. That's absolutely right.

Were you aware that Accenture had given advice to the same effect? That is, that the government should move towards a prime contractor model?---I wasn't aware of that, no. 50

Okay. Does it surprise you to learn that?---Not at all.



Also would it be right to say when you had this discussion with Mr Bradley and I'm sure with others - I don't want to confine it to him that you had a view that it would be ill-advised to develop a payroll solution for Health at that stage rather than to do a number of other departments first - - -?---That's correct, yes.

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- - - to test the waters, really?---Exactly.

You and your coworkers and the under-treasurer had a discussion about that topic?---Yes.

10

And it's also true to say, isn't it, again that your view did not prevail?---That's correct.

Whoever makes decisions in the government took a different view?---Yes.

Very good. Now, you have been asked some questions about your approaches to the owner of LATTICE?---Mm'hm.

20

You know, don't you, that there was an approach made in early 2007 to try to persuade LATTICE or Talent2 I think it's called to extend its support for LATTICE beyond the end of June 2008?---Yes, I do know.

And it declined?---Yes.

There was an approach again in July. Do you recall that? July 2007?---I don't recall it but I don't doubt it.

30

I will just show you, if I may, some documents.

THE COMMISSIONER: Have these been given to Mr Flanagan?

MR DOYLE: These come from Mr Flanagan, your Honour, but I will give your Honour - sorry, I will give you, Mr Commissioner, a copy if that is convenient.

THE COMMISSIONER: Thank you.

40

MR DOYLE: This is really just to see if it prompts your memory, Mr Bond?---Certainly.

The first you have there is a letter from Talent2 to Mr Hood who was working with you, it's fair to say, in trying to negotiate some extension to LATTICE? ---Absolutely, yes.

Good. It's a letter dated 3 January 2007?---Mm'hm.

50

Read it all if you need to but it confirms, doesn't it, that support will terminate on 30 June 2008?---Yes. Yes, I would agree.

Good. The second document that I have shown you is an email addressed to two people at Talent2 from Jane Stewart. Can you see that?---From Phillip Hood?

1

Maybe I'm - - -?---I think it was CCd to me and Jane Stewart.

All right. Nonetheless, it refers to a meeting that was held in Melbourne which you attended with Mr Hood with Talent2 - - -?---Yes.

10

- - - to try to negotiate the extension of LATTICE?  
---Correct.

That meeting was held on 27 July 2007?---Mm'hm.

Yes?---Yes. I thought it was - but yes.

It may well have been an early one but there was one on the 27th?---No, there was only one so this must be the one.

20

Very good. The third document that I have given to you is an email from someone at Talent2, John someone - - -?  
---Yes.

- - - dated 8 August. Am I reading that correctly?---Yes, that's correct.

Which says, "Our correspondence has passed in the mail", so to speak?---Yes.

30

And gives you some bad news which is confirmed in a letter which is the last document that I have given you, a letter - Talent2, dated 6 August 2007?---Correct.

Confirming that 30 June 2008 is the end of the support?  
---Yes.

Now, does that refresh your memory? Is that roughly as you recall things?---I would agree with these documents, yes.

40

They are going to be tendered, Mr Commissioner. I'm not sure how the process ought to proceed. Perhaps they can be marked for identification until that process is completed.

MR FLANAGAN: They are actually going to be annexed to Mr Hood's statement who is the next witness.

THE COMMISSIONER: That is satisfactory, isn't it?

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MR DOYLE: I am content with that; that's where I got them from, Mr Commissioner.

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Now, you know, don't you, that the invitation to offer went out to the various people who received it after that exchange of emails and correspondence?---Yes, I would think so. **1**

12 September, if it matters?---Okay, thanks.

You would have read it, I suppose, before it was sent out to those people?---I would have had input to certain components of it. **10**

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Well, I just ask you to be shown it. In volume 12. Do you have volume 12 there, Mr Bond? Would you mind going to page 16 of the book or page 17 of the ITO? It's the same document. No, I want you to go, in the ITO, to page 17 of 78 - 17 of 80, I'm sorry?---176, yes, okay. That's 1.6.2? **1**

Correct, "The way forward"?---Yes.

Ignoring the first paragraph, it's got, "The planned improvements include - - -"?---Yes. **10**

- - - and then a whole series of dot points, and the fourth dot point is, "Mitigating risks associated with supporting Legacy systems - - -"?---Correct.

"- - - by giving priority to Queensland Health and some others"?---Yes.

Are those others the ones who use LATTICE, or used - - -? ---Not all of them, no. Education used a different system. **20**

Okay. But Department of Emergency Services used LATTICE, didn't they?---Emergency services and corrective services both use, and continued, actually, to use LATTICE.

Thank you. Now, is that a part of the document that you had some input into the drafting of?---I would have seen that before it went in, absolutely.

Okay. Turn next, please, to page 29?---29 of 80 or 29 - - - **30**

29 of 80 or 28 of the book?---Okay. Yes.

And you should have the heading "Future Statements of Work"?---Correct.

And then clause or paragraph 4.1.1?---Yes.

And then line item 1G, which relates to some work which is identified in the schedule somewhere?---Yes. **40**

It says, "The highest priority activity is the replacement of the Legacy HR system that utilised LATTICE," and then I'll leave some words out, "The impacted agencies at Queensland Health, Department of Emergency Services, Queensland Corrective Services and Department of Education"?---So TSS is the system that Education uses.

Thanks. Okay, and LATTICE is the other three?---That's correct. **50**

And then the next paragraph says, "Its desirable to implement these agencies in a rapid time frame to reduce Legacy and business risk and cost"?---Absolutely.

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And you would have read this, I take it, before it went out?---Yes. 1

Did you have a hand in writing this section?---I probably would have seen a draft of it and maybe contributed, but I wouldn't have been the original author I wouldn't have thought.

Very good. And if you go, please, next to page 32 of 80? ---The note? 10

The note. It follows on that Future Statements of Works that we just looked at?---Yes.

There's a reference to there being no upgrade options to the LATTICE solutions?---Yes.

Does that mean this is recording there is now way of upgrading to keep them current, is that - - -?---That's what I'd imply from that, yes. 20

Well, did you write those?---I don't believe I wrote those words but, again, I would have reviewed and know that was going ahead.

Right. So by the time this went out you knew at least that there was no option of extending the LATTICE support or upgrading the LATTICE option?---Yes.

Or at least that's what suppliers were being told?---That's correct. 30

And you also knew that the suppliers were being told the health department was one of those which had to be given the highest priority in terms of the provision of its payroll system?---Yes, and by this stage that was the agreed way forward for the initiative.

Very good. Thank you. I want to take you to the evaluation process in a moment. Before I do, I'll just ask you a different question. The conduct by CorpTech of the SSI process was one which required it to deal with 25 or more departments or agencies?---Yes. 40

The objective, initially at least, was to have some kind of baseline or common services that could be provided to all of them?---Based on with a - sorry?

No?---With underlying standard solutions. 50

Yes, that is underlying standard solutions which would involve, or may involve, adaptation for the particular departments or agencies particular requirements?---Yes, the goal was to minimise those as much as possible.

And was that a goal easily achieved?---No.

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That's what I really want you to comment upon. Was it the case that there was a degree of - I don't know what the common idiosyncratic description is - the push back from these people, they were resisting it?---Yes, there was scope expansion, there was resistance, there was a reluctance to come along to a standard model. Can I continue? 1

By all means, please?---The principal initially was that there would be a bar set, if you like, as to the standard that every agency would get. So some agencies might be getting something a little bit better, some agencies might actually lose functionality, but from a whole of government perspective we'd be able to generate savings. So that was the whole premise of the initial business goes. 10

And you found it, personally, a very fraught one. You had - - -?---It was very difficult, yes.

- - - agencies who were complaining about not being given adequate attention, not getting what they wanted?---Yes. 20

Complaining about you interfering and trying to impose solutions on them?---Yes.

You as in CorpTech, I meant?---Yes.

And if we go, please, to your discussion paper with the under-treasurer, that's your exhibit 9. If you turn to the fifth sheet, sorry?---Why are we behind checking? 30

Yes, that's the one. And you've got nine points there. Point number 3 is that, "Agency specific scope is continually expanding"?---Yes.

Is that something that we've just been discussing?---Yes.

There's also the point number 4, "The scope of the build is not known in detail until detailed analysis is undertaken of the agency"?---That's correct, and that was probably my reason for opposing the prime contractor. 40

All right, and number 9 was, "Once agreed, the scope is not frozen allowing changes to continually creep into the release." One of things that you'd encountered, and one of the things you were talking to the under-treasurer about, was the different and changing demands of the agencies and the departments as to what they wanted?---Correct.

COMMISSIONER: Sorry, Mr Doyle, may I interrupt? What's the difference between point 3 and 4?---Okay, 3 is once we agree on a particular solution for the agency they would add to it, so we might say, "Okay, we're delivering the HR solution." The agency might then say, "We'd like some sort of time sheeting capability," or something like that, so 50

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they'd continually just chip away and just expand the requirements, in some cases slightly, in some cases significantly. 4 is that until you get into the detail, some of the elements aren't known about their current system. So it might be things like interfaces, for example, that was a typical one where we go into an agency, the interfaces weren't documented. You then start some technical work and you find out that there are 10 or 12 interfaces that you then have to construct and build into the new solution.

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Thank you.

MR DOYLE: Perhaps it's a combination of things, but what you were saying to the under-treasurer was not only recording your own difficulties but that if you moved to a prime contractor regime or model you would have to make sure, if you were to avoid scope creep, if you like, that the scope was fully analysed and identified at the outset, which you knew would be fraught, or you'd have to recognise that there would in fact be scope creep, yes?---Yes.

20

Or the departments would have to be told they can't get what they want?---That's correct, and that's where governance comes in.

There would need to be a system in place by which whatever the work was to be done was defined or agreed, and that may involve telling people, "You can get what you want," yes? ---Correct.

30

And you explained all that to under-treasurer?---Yes.

And no doubt he understood it?---I'm sure he did.

And a decision was made how to proceed. Thank you. Now, can I talk to you, please, about the evaluation process? ---Yes.

I'll start, if I may, at the other end, that is, at the end report. Can you be shown, please, volume 22?---Yes.

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Would you open it, please, to page 1? You should have the front page of the final evaluation report?---Yep. 1

If we turn over to page 3?---Yep.

There's a section headed "Evaluation Process" - - -?---Yes.

- - - which sets out in a series of stages the processes that had been engaged in, in the evaluation process?  
---Mm'hm. 10

Were they all defined and agreed before the evaluation process was embarked upon?---I believe so, yes.

Were you involved in that process of defining and agreeing them?---Yes.

Okay, and then we see identified the panel. You can see that on page 5?---Page 5? Yep, yes. 20

And across the page on page 6, the sub-category teams?  
---Mm'hm.

And you're identified as leading 2?---Correct.

And there are many others?---Yes.

And the members of your team, your two teams are identified there?---Yes. 30

And there's something called Solution Architecture Advisors in the Technology team?---Correct.

Who's that?---Well, that would be when we come to a situation where the technical solution is extremely complex and we may need to call in an additional person to provide specific technical advice.

All right. So that's someone you can call on if you think you need some assistance to understand something?---Yeah. 40  
There would have been a small group of people so rather than naming them, we would just put a generic term to describe them.

Go over the next page then, please. There's an evaluation model - - -?---Yes.

- - - which has various categories, C1 through to - - -?  
---Yep. 50

- - - C5, and weightings identified against them?---Yep.

Were they all discussed and agreed before the process was embarked on?---Yes.



And is your or are your two teams - that is, function and technical, within category C1?---I need to check. I would think so, yes. 1

Right?---A little vague though.

I agree; that's why I'm asking you. But if you look at the criteria, understanding the customer's functional and technical requirements - - -?---Absolutely. Yep. 10

- - - is your two teams?---Yes.

Very good. And then if we turn across, we see on page 9 the final weighted score outcome - - -?---Yes.

- - - in accordance with that process that we'd been through?---Yep.

And then there's some "Contract Negotiation" heading on page 10 and Summary commencing on page 10 through to 12? ---Mm'hm. 20

I take it all of which you read?---I would have at the time, I'm sure.

And agreed with?---Yes.

And signed?---Yes.

All right. Can we turn then to what your team actually did and you were taken to some of these things before by Mr Flanagan? I'd like to revisit some of them. Would you go to volume 19, please?---Mm'hm. 30

It's probably sufficient for my purpose if we go to page 102. You should have there a score sheet which relates to technology?---Yep. The one we looked at before?

Yes, it's one of the ones we looked at before?---Yes, sorry. 40

And do I understand correctly that you think this is the last in a sequence of the various ones you were shown?---I couldn't say for sure but that was my understanding.

All right. Well, can I just ask about process? It may be we can go to (indistinct) if we have to?---Yep.

There were possibly four or five versions of this kind of sheet at least to which you were taken?---Yep, which would not surprise me. 50

Right. Thank you. And is it the case that your team would sit around and discuss or fill in one of these sheets on the basis of information you then had?---Yes.

In the course of discussing whatever you discussed you'd identify things that you didn't have or you'd like to know more about?---That's right.

1

And you go away and try to find that something, whatever that something was?---If it was a clarification question, it would go via the procurement contact back to the vendor.

Right. So you'd put in trainer process to find out more information. You'll have to answer audibly?---Yeah. Sorry, yes, at no time would we contact the vendor directly.

10

All right. Well, I didn't want to suggest you did. So you'd ask there'd be put in trainer process to satisfy whatever questions you had?---Correct.

And it was ultimately an iterative process that would be provided, or not, as the case may be?---That's correct.

20

And your team would sit around and discuss that again?---We would.

And maybe fill in a form again - - -?---Typically, yes.

- - - and so on, until you were satisfied?---Yes, correct.

And in the course of doing that, it would be a normal thing for the scores to alter?---I would expect them to, yeah.

30

And for the identification of any recommendations or notes to themselves change?---I would think that would follow, yeah.

That's the whole process?---That is the process.

And that's why the process exists?---Mm'hm.

Thank you?---Sorry, yes.

40

Thank you. And ultimately the one that I've shown to you, if you turn to page 103 - - -?---Yes.

- - - curiously is signed, and signed at a date of 9 November 07. Do you see that?---I can.

Which we've been told, you've heard, is certainly after the report that I just took you to, which is the final evaluation report?---Okay. That surprises me.

50

It surprises me, Mr Bond; that's why I'm asking you about it, but is this the final articulation of what you'd agreed, even if it's not signed until later on?---Yes, I would think so, from my memory.

Very good. Can we do the same, please, with respect to functionality; that is, your other team?---Yes, okay. 1

And I think you'll need to go to two volumes. In that one, go to page 328?---Sorry, 348?

328?---328, sorry.

In that volume?---Yes.

You were taken to this before. Is what you just described about the process in relation to technology, the technical aspect, the same process that's applied to your analysis in the functional team?---Exactly the same. 10

Right. I think you accepted earlier that this is not the last version of the document?---No.

And your attention was drawn to the recommendations at the bottom, which I'd like to draw your attention to again - - -?---Yes. 20

- - - where it refers to Accenture having strong methodologies around scope management?---Mm'hm.

"Accenture demonstrates strong understanding of the program and its purposes of achieving a standardised solution"? ---Yep.

You would think that would be obvious given their experience in the program over the preceding four or five years?---I agree. 30

Very good. Then over the page, "Accenture's approach simplifies integration with proposed replacement of Saba," and something else?---RecruitASP.

Then you've got a hesitation or a qualification. "It is unknown if SAP can replicate the full set of functionality provided" et cetera?---Mm'hm. 40

Then, "Accenture does not provide mitigation for LATTICE support for Health, QCS and DES"?---That's right.

"IBM's approach toward config in Workbrain may be adequate; however, there is limited detail" et cetera. Can you see that?---Absolutely.

Now, you know that as a result of the qualifications you've expressed there, you've sought further information both of Accenture and of IBM?---Correct. 50

You know that, don't you?---Yes.

And relevantly in relation to the things that you had some uncertainty about as to what Accenture could do and what IBM could do with Workbrain?---Mm'hm. 1

And if you go then, please, to volume 20 and turn to page 531, again just directing your attention to the recommendations?---Mm'hm.

By this time the recommendation is, "Both IBM and Accenture have strong methodologies around scope management and approach"?---Yes. 10

"IBM demonstrates strong understanding of the program and associated risks"?---Mm'hm.

"Both IBM and Accenture understood the purpose of achieving a standardised solution"?---Yep.

That was true?---Was that true?

Yes?---That was our opinion, the evaluation team's opinion. 20

The opinion you honestly held?---Yes.

And turn the page. Would that be true of all of these things, that they each express your honest opinion - - -? ---Absolutely.

- - - held at the time on the basis of information you had then?---And that's why they changed because we received different information. 30

Very good. Well, with respect to Workbrain, it says, "IBM's approach to awards config" - which I take is "configuration" - "in Workbrain appears to have provided a suitable alternative that should generate savings in both the implementation and support effect. This has been demonstrated by reference sites"?---Mm'hm.

"However, there's still some concern that these do not reflect our complexity and size"?---Yep. 40

So you'd obviously been given something, some reference sites, and you formed - - -?---Yes, some - - -

- - - a view that it was a suitable alternative which should generate savings in both implementation and support effort?---Correct.

But you had some doubts about its scalability. Is that the right way to put it?---Yes. 50

Very good. I'm not sure if you were taken to - - -? ---Sorry, can I just - - -

Yes?---Scalability being both on size, being volume, and also complexity of the requirements. 1

Right. So size in terms of the number of employees - - -?  
---Correct.

- - - and complexity in terms of the combination of the awards which might need to be implemented through Workbrain?---That's right. 10

Very good. Now, I'm not sure if you've agreed that's the last of your score sheets with respect to functionality?  
---I don't know if there's a sign point, but it's quite possible. I couldn't dispute that it's not.

The sentiment that's expressed with respect to IBM and Workbrain - - -?---That's right.

- - - sounds like the final view you came to. Is that - - -?---It does, yes. 20

Very good. All right. Well, can I ask you some things about Workbrain then?---Yes.

It is obviously something that you and your team had some concerns about?---We had concerns about the award interpretation within Workbrain.

All right. Well, can we - for the sake of clarity, then, whatever else Workbrain did, you have no concerns about? ---We thought it was quite strong in its place, yeah. 30

The concerns you have - - -

COMMISSIONER: I didn't hear the last part of the answer?  
---We were quite convinced that it was strong from a rostering perspective.

MR DOYLE: Right. The concerns such as you had were to do with its capacity to deal with awards and communicate those to whatever system it had to communicate them to? ---Correct. 40

And you investigated that in this evaluation process?  
---Yes.

You did so by seeking further presentations from IBM, which they provided?---Yes.

And you did so by seeking references from people who had used Workbrain for an award purpose?---That's right. 50

You also received literature, some information in the form of literature?---I can't recall it but I would believe so, yes.

As a result of which, you've expressed the view that we've just been to?---Yes. 1

You still had - and I'll show you some literature in a moment?---Mm.

Perhaps I'll show you now. Could Mr Bond be shown volume 30, please?

Do you have it?---Yes. 10

Okay. Would you turn to page 1439?---The email?

Yes, you should have an email there from someone at IBM to Maree Blakeney?---Yes.

She would have been the person through whom request for further materials were conveyed to the supplier and who'd get the response?---Absolutely. 20

But it would come - your expectation is it would go from her to your team if it was information relevant to your team's work?---Yes, that's correct.

Do you recall receiving this, the Workbrain certified venture mark document?---I can't recall the document, sorry.

Well, have a look through it, please, and tell me if having done so refreshes your memory?---I still don't recall the document but I have no doubt we received it. 30

And in the ordinary course, that means it would have been read by your team members and considered?---More than likely the technical team members, yes.

I see. All right. Well, one of your teams would have it read it - - -?---Yes.

- - - which means you would have read it at some stage? ---Yes. 40

All right. Thank you. All of it's directed to the performance of Workbrain. That's true?---It's around the operational performance of Workbrain, yes.

Yes, and one of the things it deals with is its scalability in terms of its capacity to deal with large sized payrolls? ---From a volumetric perspective, yes. 50

Yes, and from the complexity of its application?---I don't think it addresses that.

All right. Thank you. Now, if you turn to page 1454.

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COMMISSIONER: Mr Doyle, can this wait until tomorrow? 1

MR DOYLE: I'm sorry, your Honour. Of course it can.

COMMISSIONER: Can I ask again how long you might be with Mr Bond? I won't hold you to it but for some idea.

MR DOYLE: Probably closer to an hour.

COMMISSIONER: All right. Thank you. Yes, thank you. 10  
We'll adjourn until 10.00 tomorrow.

WITNESS WITHDREW

THE COMMISSION ADJOURNED AT 4.32 PM UNTIL  
WEDNESDAY, 13 MARCH 2013

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