



SPARK AND CANNON

TRANSCRIPT OF PROCEEDINGS

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 21/03/2013

Continued from 20/03/13

DAY 9

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GODDARD, KEITH RICHARD called:

COMMISSIONER: Mr Doyle?

MR DOYLE: Mr Commissioner.

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Mr Goddard?---Good morning.

Can you take out your statement again, please? Turn now to page 16 and you're, in this section, talking about the 10 evaluation, which is the evaluation of the ITO. Yes? ---Yes.

Good. In paragraph 76, you say your risk workshop, you recall a significant risk as identified and could not be finalised. This related to the concept of Workbrain software being used to calculate awards et cetera. See that?---Yes.

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Now, you had some dealings concerning the use of Workbrain, for rostering at least, earlier in the year?---Yes. I think I'd been involved in discussions around that.

Very good. Could you be shown, please, volume 27? Turn to page 20 and you'll see there an email from Scott McDonald, who's described as project director, HR business solutions at CorpTech?---Yes.

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To Mr Bloomfield - - -?---Yes.

- - - and others, forwarding some presentation to IBM at the request of Darrin Bond. Do you see that?---First I'm just getting an orientation around the date of April.

All right. Now, if you turn to the document that follows it, it's the CorpTech presentation?---All right.

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So it commences at page 22. See that?---Yes.

Now, look through it, please, and tell me if you can recall having seen that document back in April 2007.

COMMISSIONER: To whom was this presentation made? Do you know? Mr Goddard, do you know?---No, I don't. No, I don't recall seeing this information before.

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MR DOYLE: Okay. Well, I'll come to that in a moment. Turn to page 4. You'll see the background says, "CorpTech is seeking a supplier to assist with the Workbrain application development component", and whether you saw this document or not before, you certainly know that was

true in April or about April 2007?---In the context of IBM being the organisation providing the rostering solution. Well, they were seeking someone to be the supplier of the Workbrain rostering solution and that was something being explored in about April 2007?---I'm not clear on whether they had that charter or they were exploring. 1

Turn, please, to page 78 of the document - of the folder, I'm sorry?---That's all right. 10

You'll see an email from Mr Bloomfield to you dated 18 June 2007?---Yes.

Attaching various documents?---Yes.

One of which, I will suggest to you, is a copy of the presentation to which I've just taken you?---It's got a date stamp on it of 25 January 07, so I'm not - that previous one you just showed me was April, was it not? 20

It was sent in April?---Sent in April?

Yes?---I can't tell you whether that's the same document.

Okay. Well, do you recall receiving the email of 18 June? ---Yes, I do.

And do you recall what came with it?---I'm not sure that I actually opened any of the documents that there in it. 30

Right. Do you know, related to the question, of the topic at least of IBM being retained to roll out Workbrain into the Shared Services system?---My background on this item is on a number of occasions, I can't remember how many and what proximity the date of proceeding is, Lochlan indicated he was having trouble getting the statement of work through, the organisation getting it back and complete it, and was seeking if I could have any ability to talk to the people to get it through and basically verbally I was saying, "No," and at one point I said, "Look, send in what you've got and I'll see if I can have a look at it," is what was the basis of that. 40

And as far as you can recall, you didn't open the documents that he sent you?---No, I don't believe I did anything with that email. If I did do anything, I would have sent it to the people that's mentioned in there, which was Scott and/or Sandra, because I would have had no dealings with engaging this - this activity here is part of the program where there was 450 people travelling on. We were about the rebuild. This had no courage of the activity to do with the rebuild; this was activity about them exploring Workbrain for rostering for one of the subsequent deployments of HR payroll. 50

I'll just try one more page to see if it refreshes your memory?---Yep. 1

Go back to page 38. So this is part of the CorpTech documents sent - I'll ask you to assume?---Just 38 in the slide set or 38 in the - - -

38 in the book, so it's back to that copy of the presentation, which - - -?---Yep. 10

- - - was sent to Mr Bloomfield in April?---Could you just confirm what the - is that the page we're looking at?

Yes, I'm told?---Okay.

And you'll see it's got a little chart - sorry, it's headed "Pay Rules"?---Yes.

And then halfway down the page it says: 20

Workbrain uses pay rules to process the award interpretation for an employee's time sheet. It reviews planned work with actual work and interprets how an employee should be paid based on the role in there, 'EB' and 'award'.

---Mm'hm.

Now, do you remember reading something to that effect back in April 2007?---No. 30

So we can infer then you didn't read this document? ---Correct.

It's the sort of thing you'd remember if you'd read it? ---Yes.

Okay. Thank you. Back to your statement, please. Paragraph 77 you say, "The issue was not so much rostering." Now, would it be a fairer observation to say your recollection is the issue is not rostering at all? ---In the context of this, yes, the risk that was raised at the evaluation was about the awards being performed within a tool outside Workbrain, outside of SAP - - - 40

So I just want to get - - -?--- - - - because it was less - - -

Sorry, you finish?---It was less about, as I understand the discussion at the time, less about rostering; it was almost a given that if that was the tool, then doing the awards to calculation in that tool. 50

Can we just do it in parts?---Sure.

You don't have IT skills, so your understanding is based
on what you recall of people discussing. Is that correct?
---My background for 25, 30 years has been in IT but as
I've gone forward I've been more in project management than
I have been following in any - pursued a technical - - -

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Right?---So I have enough to hold a discussion but
certainly not anything to contribute as being something -
information that people should follow regarding IT.

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Good. Okay. So you can follow what people are saying about the problems without yourself being able to identify or resolve them?---In the main.

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Okay. You know that the Workbrain system, if it was to do rostering, would need to communicate with the SAP system as well?---Yes, we call that integration; yes.

Correct. And as far as you can recall, no-one raised the concern about the capacity of Workbrain to perform rostering and to send and receive data to SAP?---That's not what I understood or recollect of being the discussion, it was more about it being used as an awards engine in place of SAP which was what I understood at the time SAP was driving the awards, and it's taking it out and saying, "We'll now drive the awards in a different location.

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So you don't recall any concern being expressed about the capacity of the Workbrain system to transmit and receive information from SAP?

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COMMISSIONER: About rostering or generally?

MR DOYLE: At all.

COMMISSIONER: At all? All right?---Well, the integration would have to be to bolt Workbrain and SAP together, firstly, to achieve rostering, secondly, they then integrate to be able to do the awards engine and pass and translate the information to SAP.

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MR DOYLE: I'm just trying to focus on what was the issue. So there was no issue about the capacity of the two systems to bolt together and do rostering as required, that you can recall?---This particular item that I raise here as being a thing I recollect around that evaluation time was specific in its ability to be an awards engine. This particular one was not about the ability to bolt it together to do the rostering function.

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Okay?---It doesn't mean that there wasn't another issue on the board, it was a part of that saying, "That would also be a challenge. That one does not come to mind. This one does because it was not run to ground.

Let's concentrate on awards then?---Okay.

There are, at least to a layman, two questions: whether Workbrain can perform the awards interpretation function; and, secondly, having done that, whether it can communicate that to some other system?---That sounds logical.

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Does that exhaustively state the issues that need to be considered?---That sounds logical to me.

And there was absolutely no doubt, was there, that Workbrain could perform the awards function?---I don't think that part was discussed. 1

You don't think the question of whether Workbrain could perform the awards function was discussed?---I can't recall, I can only start to speculate.

Okay. So that the concern must have been, as far as you can recall it then, the second question, whether it could communicate whatever it did to the SAP system?---Yes, that was the primary. My understanding in regards to awards, it already does a little calculation for that around rostering, it was pulling out the other awards and giving a total in time beyond rostering awards. I'm treading into ground outside of my technical - - - 10

That's okay. We'll go as far as we can then?---Yes.

I'll probably go a bit further and we'll stop, but it's right to say that your recollection is the capacity for the two systems, doing whatever they do, to communicate with each other effectively?---That is my recollection of a primary concern regarding that risk, yes. 20

In that context then, do you recall whether there was identified any reason why if Workbrain could communicate its rostering functions to the SAP system there was some different consideration that applied to it communicating its awards functions with the SAP system?---As I say, this one was specific awards, there may well have been another risk on the board about its general integration. 30

That's what I'm asking, you see. In the discussion of whether it could talk to SAP about awards, do you recall people saying either it can talk to SAP about the rostering function or it can't talk to SAP about the rostering function?---I don't recall details for or against that particular item being discussed at that point in time. 40

Sitting there now, you can't recall anyone raising as an issue whether or not Workbrain could communicate with SAP in relation to its rostering functions?---I cannot recall it, no.

Thank you. Now, if we turn the page, please - no, were still on paragraph 77. You say, "The experience with ENSS project teams was that configuring awards is slow in SAP." Do you see that?---Yes. 50

That experience was experienced in respect of the housing department. Is that right?---I think it was probably primarily from the housing department, but there were probably a number of projects in flight and one of the first things you needed to do is do the analysis of awards,

the requirements if you like, so it would have been primarily housing because it was furthest ahead, it would have been experiencing the initial difficulties. There may have been other projects earlier in the life cycle of the project that was getting similar, I couldn't give you the details of that at this point.

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Can you tell me, please, what you can recall of the problems that you're aware of experienced in the awards function being done in SAP at housing?---No, I can't more than what this statement says.

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All right. Thank you. You feel it's within your expertise to talk about the programming language used for SAP?---I don't know.

Yes? No? Okay?---That's about as much as I know about it.

It's right to say, isn't it, that the Accenture proposal contemplated the continued use of SAP for the awards interpretation?---I think that's my understanding, yes.

20

The process of evaluation was one in which there were a series of teams established to investigate various aspects of the three proposals, although we can ignore Logica for these purposes?---Yes.

And amongst those teams there were men who had the technical knowledge to know, or to understand at least - - -?---Men or - - -

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Men and people, men and women?---Yes.

In this case, I was thinking of Mr Bond, but others. There were people who had the expertise to understand the IT issues that might arise with respect to the capacity of one system to integrate with another, to communicate with another?---I'm not sure I'm able to comment on that other than to say some people with greater knowledge were excluded from the evaluation panel because of their association with the suppliers bidding. So the best people that they had available were certainly put on the evaluation, but I can't attest to their depth of knowledge.

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Okay. Tell me if you know this, if the process included if team members wanted more information they could ask for it? ---Team members?

Yes?---Yes.

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And that would be provided by the suppliers through Ms Blakeney?---That's correct.

And you know, don't you, that in fact occurred, and it occurred with respect to the question of the utility of using Workbrain?---I'm be very confident it occurred, I'm not sure about the Workbrain.

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Well, that's what I wanted to ask you. Did you review, prior to giving your evidence, the clarification information that was provided by the suppliers in relation to the issues they were asked to give advice about?---I'm uncertain whether I've seen that. I'm happy to have a look at it again if we've got it.

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Did you see, back in 2007, in the evaluation process, the clarification information provided by the suppliers?---I'm uncertain of that at this point.

Could Mr Goddard be shown volume 30, please?

COMMISSIONER: Yes.

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MR DOYLE: I want you to go, please, to page 1206. All right. I see you're looking through it, Mr Goddard? ---Yep.

You've got 1206, which is a document provided by IBM in response to, I want you to assume, a request that was made of it for some information?---Okay.

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If you turn to 1207, you can see that the format is a question asked, number 1 clearly states some things and the responses underneath it. Now, do you recall, look through it, please, do you recall reading this?---Not really, no; no, I don't.

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Turn to page 1216, please?---Yes.

You'll see item 16?---Yes.

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And then some reference is given?---Yes.

Do you recall reading that back in - in the evaluation process in 2007?---I don't recall reading it, no.

Okay. Do you recall that you became aware that in fact references were given?---Yes. I think I said yesterday that as part of the follow up to that risk we identified, there was a subsequent reporting back by - I think it was Darrin Bond. We gave a verbal update of the information. This may well have been the source behind that.

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Right. And is it your recollection that what Darrin Bond reported back was that they'd received references from people who were using Workbrain but that none of them was using it with SAP. Is that right?---My recollection would be, as I said yesterday, there was a couple of icon organisations; Woolworths would certainly constitute one of those icons. My recollection is that they had - no-one had actually done it. There might have been some thinking about it or actually commenced on the journey, but no-one had actually done it to the point where you could say, "We have confidence then that it can be done," or nothing refuting it that it couldn't be done.

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COMMISSIONER: What your recollection was yesterday was that no other organisations put forward as referees that actually used Workbrain as an awards interpreter. It wasn't about communicating between Workbrain and SAP, it was that - this is what you said yesterday, as I understand it?---It was related to the risk that had been identified around that, yes.

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But what you said was that none of the organisations put forward as referees had actually used Workbrain as an awards interpreter?---Correct.

Is that right?---That's correct.

Yes.

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MR DOYLE: Well, I want to suggest to you that what in fact you were told - or I'll put it differently. Do you recall that what you were told was that these - there had been references who were using Workbrain for awards

interpretation but that none of them used it with SAP. 1
That is - - -?---I can't recall that level of detail.

But could it have been what you were told?---There was a lot of things I suppose I could have been told, yes, but I don't recall.

Right. What you recall is a suggestion that Workbrain hadn't been used at all?---What I recall is that there was no site reference that could support or refute whether it could be done and it was from a risk point of view, there was no greater advice for them to measure any change to the risk measure they applied. 10

Well, that's what I wanted to understand. When you say "no reference site where it could be established that it could be done", I want to identify what the "it" is. I'm suggesting to you that there are reference sites where Workbrain was being used for awards interpretations but with other software, not SAP?---And I can't help you in that differentiation; I don't have that knowledge or recollection to be able to differentiate that at all. 20

All right. Thank you. Would you go to paragraph 81, please, of your statement where you tell us your recollection of what the subgroup came back and told you, and it was that none had actually used it in the fashion described in the innovative manner and that none had actually completed the integration of SAP and Workbrain? That's really what I'm suggesting you were told, that it was the combination of the two which couldn't be identified at a reference site, not the fact that Workbrain had been used for award interpretation?---So facilitating a workshop, the specific risk on the board was about ability re that awards engine. Part of the discussion may have to be that, first of all, Workbrain and SAP need to integrate before you can then extend that standard integration to the awards. There may have been an overlap in the two items or specifics but I can't give you - I can't recollect the discussions at that level to be able to differentiate that past. 30 40

Thank you. However, would you agree with this, that you can at least recall that the question of the use of Workbrain for award interpretation was the subject of discussion and probably extensive discussion?---At the evaluation?

In the evaluation process - - -?---Yes. 50

- - - you can recall that the use of Workbrain was the subject of - - -?---Extensive discussion probably would have been in the order of five to 10 minutes.

All right. So discussion within the team?---Within the 20, 25 people in the evaluation panel in a single room,

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whiteboard, that risk, let's discuss it, pros and cons of it. 1

Okay, but you know that as well that was the subject of consideration by a particular team or teams, subteams? ---That's probably fair to say. One of the teams probably would have been more technically-oriented but it could have spilt into others but it probably wouldn't have been a specific topic of all teams, like governance team wouldn't have been that worried about integration but it may have covered more than one of the other subteams. 10

I'm obviously asking the question very badly. Do you know that one of the subteams had as part of its function the consideration of the capacity of Workbrain to do what IBM was offering it to be done, offering it to be used for? ---It wasn't targetted specifically to that charter; it was more like: this subteam was about the aspects of technical finding. 20

Let's say functions and operations?---Well, we have to go back, possibly, to the evaluation plan, strategy, and see what the allocations were. I think it probably would have been documented and some of the documents I've seen, these are the different teams within there and these are the people allocated to it, so it didn't have one in there. I don't recall there being one in there that said, "This is the team that's going to pass evaluation on the Workbrain integration entry." 30

Did you sit in on the subteam's discussions?---Not generally, no.

Okay. Did you sit in on any subteam discussion which concerned Workbrain?---No.

All right?---Not a subteam, no, only running the risk workshop of all of the team.

Very good. Thank you. Now, could you turn, please, to - now to page - at the bottom of page 17 where you deal with this rescoring event, to the best of your recollection, that event you talk about?---Mm'hm. 40

And tell me if I've got this right. You can recall an event occurring where it emerged, and how it emerged probably doesn't matter for these purposes, that some of the teams might have been considering some aspect different to what the other teams were - that is the scope of their consideration may be extended more into the future or across phase two, I think it might be called, than other teams who are only considering phase one. Is that right? ---Yes. I would have called it a base reference point to be measuring from, but yes, and I wouldn't have called it phase one and phase two; I would have put it as "funded" and "unfunded", if you like, 50

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the statement of work that was actually being committed to by enacting the tender that the RFO, ITO was about. 1

Okay. That'll do. Some team or teams were looking at the work which was defined or described in the ITO?---Yes.

And some of the teams might have been looking at that, plus beyond that. Is that - or outside of that?---If I could put it another way, within the ITO, there would have been a hundred-odd or more questions, to which the respondent - the supplier's the respondent, the subteams were about specialist, different specialties, and they would have had a footprint of those questions that they were dealing with. I can't recall whether there were overlaps between groups or whether the total of each of the group equalled all the questions. They were targetted at questions that related to their field. 10

How does that, sorry, clarify what I've asked you? I mean, yes, they were dealing with particular focus interests, but is it your recollection that some of them were considering a program of works or a scope of works different from what others were considering?---The issue came about because one team had realised about at least one other team was measuring on a different basis of understanding. 20

Of the scope of works?---Or the unfunded versus the funded.

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Okay. Is the difference between the funded and the unfunded because the unfunded component includes additional possible work?---Correct. It was based on a performance - if you won the rights to perform this amount of work, if you performed well in that, the potential was that you would then receive the bulk of the work - - -

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Outside the ITO?---No, it was inside the ITO. This was the challenge. Inside the ITO, but it's unfunded so it was subject to a performance based on the first aspect; if you like, it was understatement work.

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Okay. So whatever the explanation, can we say that they were looking at different, slightly different things, or even different things?---They were working off the different reference base.

I think you said yesterday that the consideration of the funded plus the unfunded, you thought, your view was it might tend to favour Accenture. Is that what you said yesterday?---I thought that that may for the evaluation panel, it may give them a position that Accenture had done extensive work within the program in that unfunded area.

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Is it the case that the consideration of the funded only and not the unfunded would be more favourable to IBM?---I think it would be more equitable because neither of them really had performed the funded component within the program.

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Okay. So a meeting was held at which discussion took place in order to achieve a uniform base line?---I think we've met to be basically be able to say, yes, which baseline should be measured from, yes.

In order to achieve uniformity, the object wasn't to leave that meeting and go away and do different things again, but rather to achieve uniformity of baseline?---Correct.

Thank you. And it's your recollection that that happened about halfway through the evaluation process?---I think as I said yesterday, it certainly wasn't in the first day. It wasn't on the last day. If I have to approximate it, it was part way through, probably second or third day through out f what I'm thinking was probably in the order of a five-day process.

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Okay, that will do, thank you. And then the process was the teams, the subteams went away and did whatever they did, gave consideration to whatever they gave consideration to and came up with some scores?---Yes.

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Thank you. Would you turn, please, to page 20 now of your statement?

THE COMMISSIONER: Before you leave that, can I just clarify one thing with Mr Goddard; Mr Goddard, when you say there were two aspects to the ITO, the funded and the unfunded, are you talking about the parts in respect to which the ITO asked for a fixed price and a best estimate price, or are you talking about something different?---It's in that the estimates related to the - there was a statement of work that was going out as part of the ITO as I recall. The statement of work said, "If you are successful in winning this tender" - - -

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I understand that. I recall that. It's right also, isn't it, that the ITO called for a fixed price for that part of the tender and a best estimate for the balance?---I think that's right.

When you talk about funded and unfunded, are you talking about a budgetary figure or that differentiation?---I'm not sure this thing is between those two.

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When you say funded and unfunded, are you talking about amounts of money that Treasury had to pay for this program solution or are you talking about that distinction the ITO itself made between what was to be done for a fixed price and what might be done in the future with the best estimate?---No, the first. The first, so there was money, the residual money for the program that was available was able to cover what was expected to be the zone of cost of the tender that they were going to put forward so that money - - -

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You told us, did you, that if one had regard to just the amount that could be done with the funds available then Accenture had no advantage, but if you looked at the whole of what was being asked to - the subject matter of the ITO, the funded and unfunded, Accenture had an advantage because of the work it had done in the past?---Correct.

All right. I understand, thank you.

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MR DOYLE: Could Mr Goddard be shown volume 12, please?

Can you go, please, to page 23? Can I direct your attention to clause or part 2.6? You will see it says the initial statement of works to be awarded?---Yes.

And then sets out some items?---Yes.

And then over the page, it says the awarding of subsequent statement of works will be dependent on the outcome and sets out some things?---Yes.

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Is that the distinction to which you point between what you have called funded and unfunded?---Yes.

So that the statement of works which is in the first part is what you have called funded, and the second part is what you have called unfunded?---Yes. 1

That's your recollection of what the two different potential approaches were which emerged in the evaluation? ---That's my recollection.

All right, thank you. Now, if you would go, please, to paragraph 101 - I'm sorry, of your statement. Now, you say you have had at least an initial meeting with people involved in drafting a contract?---That's right. 10

And then sort of fell out of the process?---Yes. The actual negotiations hadn't started, it was about positioning who was going to be involved in that.

Whether by your choice or someone else's, you weren't involved in that process?---Correct.

Thank you. I have nothing further. 20

THE COMMISSIONER: Mr Horton?

MR HORTON: No re-examination, Mr Commissioner.

THE COMMISSIONER: Mr Goddard, thank you for your assistance. You are free to go at last?---Thank you.

WITNESS WITHDREW 30

THE COMMISSIONER: Mr Flanagan?

MR FLANAGAN: I call Damon Anthony Atzeni.

ATZENI, DAMON ANTHONY sworn:

MR FLANAGAN: Would you give your full name to the inquiry, please?---Damon Anthony Atzeni. 40

Mr Atzeni, are you presently employed with Queensland Health?---Yes, I am.

What position do you hold at Queensland Health presently? ---Director of technical engagement within the payroll portfolio.

Who is your immediate supervisor there?---Is Debby Mulheran. 50

Who does she answer to?---To Phillip Hood.

All right. Now, what is your role and function in your present position at Queensland Health?---Is to roll out Workbrain to line managers within Queensland Health.

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GODDARD, K.R. XXN
ATZENI, D.A. XN

Thank you. Now, have you executed a statement for this inquiry which is dated 1 March 2013, and it's approximately 11 pages long with 38 annexures?---That's correct.

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Could you look at this document, please? Thank you. And I'll give you these too. Yes, is that the statement that you've sworn in these proceedings?---That's correct, yes.

And is the contents of that statement true and correct to the best of your knowledge and belief?---Yes, it is.

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I tender that statement, Mr Commissioner.

COMMISSIONER: Yes, Mr Atzeni's statement is exhibit 29.

ADMITTED AND MARKED: "EXHIBIT 29"

MR FLANAGAN: May also make available to the commission a paginated index copy of Mr Atzeni's annexures?

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COMMISSIONER: That would be very helpful.

MR FLANAGAN: I take it that all other parties have been served with it and also have the same paginated copy. Mr Atzeni, where you employed with Queensland Health from 1996 onwards?---Yes, I was.

And what was your initial employment?---I was a clinical nurse consultant at Moreton Bay Nursing Care Unit.

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And your qualifications include a certificate of nursing in general and mental health and a graduate diploma in community mental health?---Yes.

As at 2005 to 2007, were you in fact a Queensland Health client representative with CorpTech?---Yes, I was.

And where were you physically based in that position? ---Initially, it was at 62 Mary Street, followed by that I think I was at 60 Edward Street.

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And were you actually physically based with CorpTech rather than Queensland Health?---Yes.

And what was your function as Queensland Health's client representative at CorpTech between 2005 and 2007?---I was liaison for CorpTech with Queensland Health, and we were working through the business requirements for the whole of government solution.

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And that's in relation to the shared services initiative? ---That's correct.

Now, did any part of your functions as a client representative include mapping out Health's requirements for the implementation of the shared services initiative?
---Yes, it did.

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Now, for the shared services initiative, you weren't partied to it but as early as 2005 there was a contract entered into with an IMB consortium for the use of particular products in the roll-out. Is that correct?
---That's correct.

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And for Queensland Health, it was envisaged that the LATTICE payroll system and ESP rostering system would be replaced as part of the roll-out with SAP and Workbrain. Is that correct?---That's correct.

At the time that you were at CorpTech, did you gain experience in terms of the difficulties being experienced by CorpTech in the shared services initiative roll-out?
---Difficulties in what in particular?

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In rolling out the shared services initiative?---The delays, yes.

And what can you tell us about both the delay and the budget, particularly in relation to the Department of Housing?---I believe that it actually took quite a long time to get to the Department of Housing, and that considerable funds had been consumed in actually getting to that point for a HR solution.

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All right. Now, can I take you to paragraph 8 of your statement? You say, "After 2007, I moved from CorpTech offices back to Queensland Health." When you refer to that, do you mean in early 2007?---That's correct.

Can you recall the approximate date of when you actually returned to Queensland Health?---I think it was around the last week of January.

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Thank you. Now, in terms of what we were discussing before with the difficulties with the shared services initiative, in paragraph 10 you state that you were aware at the time that you returned to Queensland Health that CorpTech had commenced the first HR roll-out as the Department of Housing, and this was with a number of contractors, including Accenture, and in your statement you identify Accenture as the primary contractor for that roll-out?
---Yes.

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At the time that you returned to Health, what did you know about the difficulties that had been encountered in relation to that particular roll-out at the Department of Housing?---I guess that the testing still it had a number of issues with it, that a number of go live points had been identified and not necessarily met, and that some

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unforeseen issues had actually come up in relation to the housing release which stopped it going forward. 1

Mr Atzeni, from your own knowledge, what was the difference between a roll-out of the shared services initiative for the Department of Housing compared to the roll-out that was to

take place in relation to Queensland Health?---The product was to be certainly to address Queensland Health's requirements, but it was the basis of the Queensland Health SAP release. There was no Workbrain in housing, so for Queensland Health, it was the first time that Workbrain was being used. 10

And how many staff were involved with the Department of Housing?---I couldn't tell you, I would be guessing.

All right. But far less than the number of staff at Queensland Health?---Yes. 20

Which, at that time, was approximately 78 to 80 thousand people?---Yes, sorry, as in with regards to the number of people at housing?

Yes?---Sorry, approximately 1200 people at housing.

All right. And there was a distinction, was there not, between health and the Department of Housing in terms of health having a far more complex rostering and awards system?---Yes. 30

Can I then take you to paragraph 12 of your statement? You identify there both the concerns that you had and a certain skepticism in relation to CorpTech's ability to roll out the shared services initiative for health using Accenture. Is that correct?---Yes.

All right. Can you expand on that, please, and tell us what those concerns were and why you were skeptical as at the beginning of 2007?---We had seen the product impact assessment workshops, the way had thought it would work. We had seen no evidence to see Workbrain working at that point in time, we'd only seen SAP. It seemed very lackluster or clunky in comparison to what was going on in the rest of the sector with SAP, and my concern was what were we actually getting to replace LATTICE. As much as SAP was highly regarded around the world, we weren't seeing that in action at that point in time. 40

Did those concerns cause you to form your own opinion as to Accenture's and CorpTech's ability to successfully roll out the shared services initiative for Queensland Health?---I certainly questioned whether they could do it for Queensland Health, yes. 50

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Now, those concerns in relation to Accenture in particular are expressed by you in paragraph 14 of your statement. Is that correct?---Yes, that would be correct. 1

And the main concerns that you had about Accenture in relation to the roll-out of the shared services initiative for the Department of Housing is that it took too long and it was too expensive?---Yes.

And they were views that you held when you returned from your position as the client representative for Queensland Health back to Queensland Health?---Yes, at that time; yes. 10

When you returned to Queensland Health, what position did you go back to?---I undertook the business integration manager position within QHEST, the Queensland Health and Price Solutions Transition Project.

And what was your primary role in that position?---To identify the business requirements and prepare Queensland Health for an implementation roll-out of the solutions that have been provided. 20

Did you form the view at the time that you returned to Queensland Health that the shared services initiative roll-out, using CorpTech and the contractors they were using, was set to fail or not continue?---There were a number of statements that were being made around the agencies that the money that had actually been put into CorpTech at the time, and with Accenture, that they couldn't see it proceeding, they couldn't see it carrying forward, it needed more money and there was concern as to who was going to provide that money. It was suggested that they wouldn't move forward. 30

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Given that you knew that, did you form a view as to what Queensland Health should do for the implementation of a new payroll system?---At the time, LATTICE I believe was failing and serious risks were raised to our director-general regarding LATTICE. We looked at a number of options to support the LATTICE failure and what we would actually do, so what contingencies we would put in place, and a number of options were put up, one being to go it alone and to actually implement something ourselves to cover the risk because we were not on the schedule 9 release for CorpTech.

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Quite. Now, when you say "go it alone," are we to take that as meaning Queensland Health with a contractor rolling out the LATTICE replacement payroll and the Workbrain replacement for the ESP rostering?---Certainly that was one option, yes.

May I then take you to paragraph 16 of your statement? What you done for us there is to identify a number of documents in the possession of Queensland Health that brought Queensland Health's problems and concerns about the LATTICE payroll system failing before the withdrawal of vendor support in June 2008 to the attention of the under-treasurer. Is that correct?---That's correct.

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And those documents, which we'll come to shortly, include briefing notes and letters by the director-general of Health to the under-treasurer?---That's correct.

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Thank you. Can we start then at annexure - page 13, please? I should ask you this: your immediate superior or the executive director of QHEST was a Mr Nigel Hey? ---That's correct.

And who were the other people that you worked with at QHEST?---So Neil Glentworth, there was Andrea Sams who was looking after finance and at the time I believe Jim Sams was there and he was managing logistics around the unit.

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Now, in your statement, you've identified that the date of this document, being 15 February 2006, is actually a mistake and is 15 February 2007?---That's correct.

And you read this document at the time that it was drafted? ---Yes.

And it's a briefing note for information going from Mr Hey, your director of QHEST, to senior persons in Queensland Health. Is that correct?---That's correct.

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All right. Now, if we could just look at that, the recommendation that's made is that Mr Hey is requesting senior management of Queensland Health to note the options that are outlined in this document and authorise the

required pre-work detail below be undertaken immediately within the QHEST project?---Yes. 1

Now, when we refer or when this document refers to the QHEST project, what was your understanding of what that entailed?---So it included all the products that were being provided as part of the whole of government solution, so that included Saba for learning and development, RecruitASP for recruitment, Workbrain for rostering and SAP for payroll. It also had visibility of the finance components, which was also SAP. 10

All right. Now, this briefing note from Mr Hey makes it clear that QHEST had looked at the option of using different products to those that had been included in the 2005 contract?---Yes.

Correct?---Yes.

But that option was set aside for the reasons outlined in the third-last line under the hearing "Current Issues", some options such as proceeding to develop a product set outside the standard offering or using outsourcing arrangements to provide payroll systems did not make sufficient organisational, political or commercial sense to be fully considered. Yes?---Yes. 20

And when one talks about using an outside - using outsourcing arrangements to provide payroll, what's that a reference to?---Outsourcing as in to actually have a complete other company actually pay Queensland Health staff members. 30

To your knowledge, are there any government departments that use outsourcing for the purposes of payroll?---Not to my knowledge.

All right. Thank you. But you have some knowledge or understanding of private enterprise or companies, private companies using an outsourcing entity for the purpose of providing payroll?---Some. I'm not in - I don't know that in detail but I do have some knowledge of that, yes. 40

Now, as early as 15 February 2007, it would seem that QHEST and yourself had identified that there was a risk of continuing to use the LATTICE system. Is that correct? ---That's correct.

And that's identified in point 1 of page 13?---Yes. 50

The other uncertainty that you identify is because, as we understand it, of the delay and the roll-out of the Shared Service Initiative, Queensland Health didn't know or have much faith in the go live dates for the new payroll system if it continued to be rolled out by CorpTech. Correct? ---That's correct.

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If you then look at point 6 on page 14, what Queensland Health were pushing for, or at least what Mr Hey as the director of QHEST was pushing for in this briefing note to Health

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executives was that the roll-out of both SAP and Workbrain be brought forward. Correct?---That's correct.

And the primary reason Health wanted it brought forward was because of the withdrawal of vendor support for LATTICE that was to occur in June 2008. Yes?---Correct.

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Quite apart from that concern, from your own knowledge, what were the other options in terms of having LATTICE supported for a longer period after June 2008, because we know, of course, that the go live date ultimately was March 2010 - - -?---Yes.

- - - and LATTICE continued to be supported?---Yes.

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I just want your knowledge both at the time and now of what steps were taken to support LATTICE?---We looked at what options there were to support LATTICE, looking at extending the support arrangements with the vendor. I believe the vendor was actually talking about upgrading the LATTICE product because it was no longer the current product and that would then allow us to extend the support of LATTICE, so if we intended to upgrade to the new version of LATTICE, that they would continue to support us until that actually went live, and I guess from a financial perspective, we did look at that option. Other than that, it was what - we didn't own LATTICE; that was actually then handed back to CorpTech and the discussions then went on with CorpTech as to what we could actually do.

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When you say "a LATTICE upgrade", do you know whether that was a wholly new product or that wasn't a LATTICE product or was it an upgrade of the existing LATTICE system?---My understanding was it was an upgrade of the existing LATTICE system but it had a different name and it also was the base version of the products there, to the best of my knowledge.

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Could I take you then to point 7 on page 14? That complex governance arrangements that will not enable the implementation to proceed in the time frames required are unacceptable risk. Did you participate in the drafting of this document?---No. Initially this was drafted by Mr Hey.

All right. Can you explain to us, though, what QHEST viewed as an unacceptable risk in relation to the existing governance structure of CorpTech using contractors?---Could you repeat the question, sorry?

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Yes. What was the governance risk that's being talked about here?---That Queensland Health didn't manage the product; that was through CorpTech. We had to ask CorpTech

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to ensure that it was supported. That was done through a service level agreement and the risk was still borne by Queensland Health to actually run the pay but on a payroll system that was failing for us, so Queensland Health still wore the risk, it was about governance for trying to get the system upgraded.

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All right. In terms of the options summary, there's a number of options put forward by Mr Hay, but if you look at option 2, a the very first dot point, "Negotiate a change to the sector release schedule to bring QH to the front for SAP HR and finance"?---Yes.

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Now, that required, did it not, would have required, the consent of the under-treasurer and CorpTech to change their schedule 9 so as to bring forward Queensland Health. Yes? ---Yes.

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Now, according to schedule 9, Queensland Health was to occur almost at the end of the roll-out. Correct?---Yes.

And part of that reasoning behind it, to your own knowledge, was because of the complexity of the roll-out for Queensland Health, it was thought that the experience in other departments of rolling out both SAP payroll and Workbrain rostering should be experienced before anyone tackled Queensland Health?---Yes.

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There was a lot of commonsense in that approach, wasn't there?---Yes.

Is it the case that the primary reason that Queensland Health, as at February 2007, was agitating for Queensland Health to be brought forward? Was the concerns that you had and others had about the vendor support being withdrawn for LATTICE in June 2008?---Not just the LATTICE support but the fact that it was failing, and that we had enterprise bargaining agreements coming into line and we didn't think that the configuration could be done in LATTICE.

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When you say "it's not just the withdrawal of vendor support but because LATTICE was failing", can you explain to the inquiry what you mean by that?---So each pay we would run a number of interim steps to actually get to the final pay. At some of those interim steps LATTICE would actually stop working and the data would actually not complete, so that's what I mean by "failing".

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All right.

COMMISSIONER: What was the result in terms of people's salaries?---They were able to run a backup process and then work very hard to actually get all the data that was lost back into the system to actually run the pay properly so there was no effect, except on the payroll staff who had to work very hard.

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MR FLANAGAN: And in terms of supporting LATTICE and the difficulties that were being encountered with LATTICE, how many payroll staff did Queensland Health allocate to ensuring that LATTICE continued to work?---So we had, I

believe, around 400 or 500 staff at the time and every pay all of them were working on LATTICE as well as ESP, the rostering system. So all of them, to make sure that it worked, they had a set team that would run the final pay. I don't know the numbers of that team exactly. 1

Can you tell the commissioner why 400 or 500 people were required to keep LATTICE running?---On a day-to-day basis, they were putting in data to make sure that it was correct and that the pays ran smoothly. As I said, when it failed all of those staff were required to re-enter the data into the system, and they only were just making it each fortnight. 10

Can I ask you to turn the page to page 15, then? There's a reference there to resourcing, and in the third dot point it says, "Increased reliance on externals, especially current implementation partners." Do you see that?---Yes.

Who were the current implementation partners that's being referred to there?---In this instance, I would assume that it was Accenture, SAP and IBM. 20

All right. And they were the main partners, if you like, with CorpTech in relation to the roll-out of the shared services initiative?---Yes.

But in your statement you've identified Accenture as having the primary role in that regard?---Yes. 30

And, to your knowledge, Logica was involved very much with the roll-out of the finance solution?---Yes.

Thank you. From your time as client representative at CorpTech for Queensland Health, are you able to identify for us what you saw as IBM's role at CorpTech?---I believe they provided a systems assurance role, so they were protecting the consortium's ownership of the system and the way it was actually put in, the way it was built. 40

Thank you. Can I take you over to page 16? This is a reference to option 1, which is identified at page 14, of having a standard offering plus agency specific functionality for SAP HR developed in-house, health, with support from CorpTech, for shared services solution?---Yes.

It says, "This option enables QH and QHSSP to maintain a very high level of control over the development of standard offering while reusing work that has already been completed across the sector. The rapid deployment in early 2008 ensures that there is time to bed in the payroll solution, and if the focus were on mitigating the LATTICE risk other functionality could be brought online later in 2008 into 2009 which would bring QH back into line with current SSS schedules." Can we understand that statement or that option to be this: that QH did not particularly want 50

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CorpTech rolling out the shared services initiative for Queensland Health, Queensland Health wanted to do it themselves?--No, not necessarily. In this situation, we were looking at how could we best utilise the build of SAP to also train our staff to get an understanding about using a completely new system. We were looking at using the information that had already been provided across the sector and the developments that had already been done in SAP. It was more about ensuring that we could drive the delivery rather than being driven and waiting on CorpTech, I guess. 10

Thank you. May I then take you to the letter that we've already referred to, which is the letter from the director-general, or the then director-general of health, to the under-treasurer, and that's at page 19 of your annexures? The letter speaks for itself, but we understand that you annex this to your statement for the purpose of demonstrating that, at a very high level, Queensland Health were urging the under-treasurer, Mr Bradley, to bring forward the timetable, or schedule 9, to bring forward the implementation of a new payroll system for Queensland Health?---Yes. 20

And this letter identifies some of the concerns which had been identified by Mr Hay in his briefing note. Correct? ---Yes.

From there, may it take you to page 22 - - - 30

COMMISSIONER: Before you go. Mr Atzeni, just looking at the first paragraph of that letter, what's the difference between rostering and scheduling?---The words are used in a change commissioner, but in this case I'm assuming that the integrated rostering is actually done on the front line, the scheduling is then the changes that actually occur to that roster when it's actually worked, and that's the information that's then passed across to payroll.

All right. Thank you. 40

MR FLANAGAN: So if we could go to page 22, please. This is a document dated 28 March 2007, again, it's a briefing note by your then director, Mr Hay, to the HR board of Queensland Health. Correct?---Correct.

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For current issues, it again identifies that in February 2007, significant business risk was identified around the HR payroll rostering solution being unsupported from - it says 1 August 2007?---Yes.

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When was it to be unsupported from?---I believe it was from the end of July.

All right, thank you, 08. Yes, because this is actually suggesting it's 1 August 2007?---Yes, sorry. I too missed that.

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Yes?---Yes, it was 2008.

Yes, thank you. The proposed actions according to this document is that Queensland Health executive management team, EMT, presented with Queensland Health preferred implementation model an approach for endorsement, 5 April 2008. Can you tell us what the Queensland Health's preferred implementation model and approach was at that time?---Ideally, our preferred model would have been to have CorpTech implement for us but if they weren't able to do it then we were looking to do it ourselves.

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Yes. With a contractor?---Possibly, yes.

But can we take it that having had your experience as the client representative at CorpTech and having observed the roll-out of the Shared Services Initiative by CorpTech and Accenture in relation to Queensland Housing, you personally did not have Accenture in mind for the contractor to implement with Queensland Health the payroll system?---Yes, that's correct.

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I just want to make sure I haven't put that too highly for you, have I, but you definitely have the view as of early 2007 that if Health was going to go alone with a contractor, it was not going to be?---If we were going to go it alone? At the time, I don't think that we were really worried about who it was going to be. It was about who could do it in the time that we actually needed them to do that. I think we were looking at a number of vendors and, you know, anybody could have actually helped us if they actually knew about Workbrain and SAP. We were the first to look at Workbrain and we were concerned that there was very little knowledge in Australia about Workbrain itself.

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Can I take you then to page 24 which is a HR board agenda. I'm sorry, the HR board agenda I'm looking at starts at page 25. It's 2 April 2007 but the point I want to take you to is item 4 found at page 28. Yes. This is the HR board minutes of 2 April 2007 starting at page 25 and the minutes at page 28 record item 4, whole of government HR solution implementation. Could you just read that, thanks. What was the purpose of that presentation?---It

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was to highlight to the HR board that we were at risk and that we needed to look at a number of options to reduce that risk and have a payroll system that would actually continue to be supported and pay Queensland Health. 1

All right, thank you. Now, if you can go to paragraph 18 of your statement, please. Just to put a time frame on this belief of yours and others that Queensland Health should go it alone by seeking from the market an implementation partner for the LATTICE replacement, that's a view you had as early as February 2007. Is that fair to say?---Yes. 10

Is it fair to say that as at February 2007, you clearly had in mind using IBM as the partner for the implementation? ---No, certainly not as an implementation partner but someone who could actually guide us initially as to what the products could do and how the system would actually work for Queensland Health. 20

Thank you. If we just look at paragraph 21 of your statement now. Whilst you were working as a client representative at CorpTech, you met Jason Cameron from IBM. Is that correct?---That's correct. 20

You had a good working relationship. Correct?---Yes.

And his role at CorpTech was to supervise for some contractors who were Accenture people in relation to the tasks they were undertaking?---Yes, that's my understanding. 30

All right. But in any event, you were the person who when you left CorpTech to come back to Queensland Health who offered a place at QHEST for Mr Cameron, didn't you?---I did but I had actually checked with Mr Hey beforehand.

Quite. So in effect, you brought Mr Cameron of IBM from CorpTech back to Queensland Health with you, did you not?---Not at the same time, no. 40

All right. Shortly after?---Yes.

How shortly after?---Actually working with us, a month, two months, perhaps.

What was your purpose of bringing Mr Cameron on board to QHEST?---To identify how we might go about planning an implementation, what the system would actually do and how it would actually work, what are the differences to what we actually had now versus what we needed to plan for with SAP and Workbrain, and to ask some technical questions which were actually going to impede our planning that we had no knowledge of or we were slow to get information for. 50

Mr Cameron at all times that he was working at QHEST was employed by IBM. Yes?---Yes. 1

All right. Can I go to paragraph 25 of your statement then? Just before I do go to paragraph 25, you provided a desk for Mr Cameron at QHEST?---Yes.

And did he have a separate office to you?---Yes.

All right. Where was his office in relation to yours?---It was outside. 10

Even though he was from IBM and an independent contractor, did he answer to you or to Mr Hey?---To either of us. We were asking questions of him independently.

All right, thank you. Now, at paragraph 25, you say, "I have been shown an email from myself to Mr Cameron and others, dated 8 March 2007. At 1.45 pm, I was providing an electronic version of the business requirements at Queensland Health, something which was already held by the Shared Services Initiative." Can I take you to that email. You will find it at pages 46 and 48. If you turn over the page, it actually has an attachment and for the present purposes, may I just ask you to look at the first six dot points which is a schedule or a form of schedule of when certain tasks had to be completed. Is that correct? ---That's correct. 20 30

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All right. May I take you then to volume 27, page 8, item 6? Volume 27, Mr Commissioner. 1

COMMISSIONER: What page?

MR FLANAGAN: Page 8, item 6. We'll be coming back to this document very shortly - - -?---Okay.

- - - but the document commences at page 5; it's the SSS implementation proposed conceptual model dated 12 March 2007 of IBM. If you look at page 8, item 6, the delivery of a complete Workbrain solution by late 2007 to QH is CorpTech's critical path activity for a March 2008 release. So the general timetable that's been envisaged by IBM in this document of 12 March 2007 is generally the sort of time table that you had envisaged in your annexure to the email of 8 March 2007 - - -?---Yeah. 10

- - - namely, that you'd have it done by the end of 2007 with a go live date in or about March 2008. Is that correct?---That's correct. 20

We know that you sent this document to Mr Cameron but did you discuss with Mr Cameron in his position at QHEST the sort of timetable that Queensland Health were envisaging for the roll-out of the rostering system?---No more than what's in here, no, as in we needed it early before we actually ran out of support in 2008.

All right. See, the other people that you're sending this document to are people from CorpTech?---Yes. 30

Who's Jim Sams?---Jim Sams was a staff member within the office.

Yes. Juanine Bulmer?---A staff member within the office from change perspective.

Yes. Neil Glentworth?---Was the program manager. 40

And Rosalie Crumblin?---Was also change manager.

Is it a document that you sent to Mr Cameron just for the purpose of his role that you had given him at QHEST?---Yes. So we were looking at implementation and planning around it, and certainly this was the beginnings of that plan.

All right. Can I then take you to this document and I want to spend a little bit of time with you on it, if I may, Mr Atzeni?---In? 50

Thank you. It's in volume 27 and if you could turn to page 6, please? Did you read this document at or about 12 March 2007?---This document here in March 2007? No, I can't say I have in March 2007.

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It's dated 12 March 2007. My question to you is: did you read this document at or about the date that it's marked? ---No. 1

You didn't?---No.

Did Mr Cameron ever show you a copy of this document?---No.

No?---No.

Did you have any input into what's contained in this document?---Not to my knowledge. 10

If you look at the background then at page 6, this document is in response to a request from Geoff Waite. Mr Waite, you knew at the time, was an executive director of CorpTech?---That's correct.

Did you ever suggest to Mr Cameron - sorry, I should start with this: Mr Cameron answered to Mr Bloomfield, did he not?---Yes. 20

Did you ever suggest to Mr Cameron that IBM should make an approach to Mr Waite in relation to the implementation of the payroll replacement at Queensland Health?---No.

Thank you. It says:

Due to recent changes in the SS program relating to, in particular, Queensland Health and Department of Education, Training and the Arts, IBM has been asked to put forward a proposed conceptual model to best position CorpTech moving forward with regards to agency implementation. 30

Can you tell the commission, to your own knowledge, what were the recent changes to the SSS program?---I don't know. As in at that point in time?

Yes?---Only that they were looking at implementing payroll, that they had, I guess, budgetary issues. Other than that, no, I can't actually state what the changes were. 40

All right. It's a document where IBM says in paragraph 2:

At this time, we have been unable to provide indicative pricing, but would be happy to progress this further.

If you look then under item 1, release schedule, reprioritisation: 50

Cessation of vendor support in mid-2008 for current HR business systems within QH and the Department of Education, Training and Arts necessitates all

immediate reprioritisation and reschedule to the current CorpTech release plan.

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Do you see that?---No, sorry. Page 6?

Page 6, release schedule?---Oh, yes, sorry. Yes.

Just read that to yourself. Now, that was information known to Queensland Health, we had looked at the documents in relation to that, and was certainly known to CorpTech, wasn't it, that vendor support would be - - -?---Yes.

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- - - withdrawn. All right. Thank you. Can I take you then to page 7, item 3.2? It says:

Queensland Government agencies are actively engaging IBM to assist in their planning for an SSS implementation.

Part of your purpose in bring Mr Cameron on board to QHEST was for the purposes of forward planning for the CorpTech deliver of the Shared Service Initiative. Yes?---Yes.

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All right. It was not part of your purpose - sorry, I'll withdraw that. Was it part of your purpose in bringing Mr Cameron on board that you would ultimately seek to have IBM as the implementation partner with Queensland Health for the roll-out?---Mine personally?

Yes?---At the time, I wasn't necessarily thinking about it, we were planning. So at the time, no, I wasn't actually thinking about whether we were going to go forward with them or not. There were a number of options in the market but certainly at the time we were planning with them.

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Can I take you then over to page 8. IBM is identifying that there is insufficient technical and integration leaders should exist within the program, especially within the application development and supporting teams. And then if you go down to around halfway through that paragraph:

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In order to release a mid-2008 go live for Queensland Health and DETA, and to also meet subsequent delivery schedules for other agencies, it is imperative that appropriate technical and integration leadership be applied across the application development team structures.

That's a statement that you would have agreed with at the time. Yes?---Sure, yep.

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Then for the Workbrain solution delivery:

The delivery of a complete Workbrain solution by late 2007 for QH is CorpTech's critical path activity for March 2008 release.

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Do you see that?---Yes.

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Gone to this paragraph before?---Mm'hm.

And then at item 7:

*QH and DETA must commence implementation roll-out
planning and execution immediately to allow a
successful March 2008 go live.*

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That was the go live that you had in mind and is contained
in your email to Mr Cameron that you wanted a go live by
March 2008 because that was the planned go live to avoid
the loss of vendor support in or about July 2008. Yes?
---Yes.

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You didn't read this document at the time?---No, I didn't. 1

You didn't speak to Mr Cameron giving him information about putting this in the document?---No, I can't say I did.

In terms of go live dates?---No.

Or proposed go live dates that you had in mind for the implementation of the payroll replacement?---This was information that we were sharing with CorpTech, Mark Foley was our implementation lead at the time from CorpTech and we were expecting responses back from CorpTech, Chris Hubbard from Accenture was - we had met with him a number of times on this and we were waiting details from him as to how they could actually meet those times. 10

All right. Can I take you then to page 9 and it's item 1, CorpTech? What IBM is putting forward there is that CorpTech - or they believe that it fundamental that CorpTech works more closely with both its major HR service partners, Accenture and IBM, "some may view that IBM's involvement is not critical to the success of the Shared Services Solutions program, in fact over time, IBM's involvement on the Shared Services program has been eroded. We strongly believe that due to our very good vendor relationships and knowledge of the HR application suite" - that's a reference to the 2005 IBM consortium package. Correct?---Yes. 20

IBM's involvement is critical to the timely progress and ultimate success of the SSS program; as such, a cornerstone to our proposed conceptual model for CorpTech is a balance of this three-sided partnership between CorpTech, Accenture and IBM. IBM is committed to working cooperatively - in a cooperative way with Accenture to achieve successful results for CorpTech and Queensland Government. 30

So at least at this part of the document, it would seem that what is being proposed by IBM is a closer working relationship between CorpTech, IBM and Accenture. Yes? ---Yes. 40

So in that sense, it's a three-cornered relationship. Yes? ---Yes.

All partners should have adequate representation in the governance structure and each partner should be involved in those aspects of the program where they can best add value. 50

From there, can I ask you to turn to page 10. It's the first dot point underneath the diagram.

As IBM has the best relationship and working knowledge of Saba RecruitmentASP and Workbrain products, we propose that IBM takes responsibility for each of these application development teams. Accenture would continue in its role in the SAP team.

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So the SAP team ultimately is for the payroll and these other products are for other matters apart from payroll but certainly does include rostering. Yes?---Yes.

10

And so as one reads that, one would see that IBM is proposing to take control, if you like, of the roll-out in relation to those other products for Queensland Health and for the Department of Education. Yes?---Roll-out or development?

We will come to that but what is your view?---I actually thought they were looking at more development at that time.

20

All right. Page 11, if you look at item 2, Queensland Health, if you start with the second paragraph, it says, "We have focused on Queensland Health due to our knowledge of the agency requirements." Now, if IBM has knowledge of the agency requirements of Queensland Health at this time, may I suggest that that knowledge has been gained from you to Mr Cameron?---Directly from me? There's a possibility of it but he would have had conversations with other people within the office.

30

Quite, but the knowledge of the agency requirements that is being referred to then is Mr Cameron's knowledge of the agency requirements, isn't it?---I don't know.

Who else was employed by IBM and QHEST?---There was Sarah Simpson and Kate Hillman.

When was that?---I believe they were there at the same time as Mr Cameron.

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Were they answering to Mr Cameron?---From an IBM perspective, yes, they were answerable to people within the office who were using them as sounding boards. From a change and coms perspective, there was a different group looking at that.

See, Mr Atzeni, you had bought Mr Cameron to Queensland Health from CorpTech. Yes?---I would identify that he was working there and he was working for IBM, yes.

50

Yes. You bought him to QHEST. Yes?---Yes.

And you were instrumental in that, weren't you?---I had identified that he was available, yes.

Yes. So when the reference is made to our knowledge of the agency requirements, it's knowledge that you have imparted to Mr Cameron, is it not? Isn't it ordinary in natural reading of those words that you imparted knowledge to Mr Cameron of Queensland Health - I'm not suggesting for a minute that there is anything wrong with it?---No. 1

I'm simply saying that at this stage in March 2007, you were imparting knowledge to Mr Cameron of the Queensland Health requirement?---Yes, I was there and yes I had provided some information to him but IBM would have been able to receive that information from the whole of government business requirements if they had focused on Queensland Health's, then they would have had that knowledge. 10

THE COMMISSIONER: What was Mr Cameron's role at QHEST?---Because he was a system technician, we used him as a - to provide information around the system, how SAP worked. We didn't know how SAP worked from a payroll system, how Workbrain worked and whilst he wasn't an expert in Workbrain, he was able to get that information reasonably quickly for us. We were also looking at Saba and RecruitASP so he was able to provide information on that, so it was literally some guiding information for us to make some informed decisions. 20

Was this planning for the eventual implementation of the Shared Services Solution?---Yes. 30

Okay.

MR FLANAGAN: Can I take you then to paragraph 4, still under the heading Queensland Health.

IBM strongly believes that we are able to cover all relevant aspects of the implementation; that is, including payroll as the work in the agency does not require a details knowledge of the SAP consideration and customisations. 40

Now, rather than a three-cornered partnership, that would seem to suggest as one reads it that this proposal to Mr Waite of CorpTech from IBM was a suggestion that IBM carry out the implementation of the LATTICE replacement and the rostering system. Yes?---Yes, you could read it like that.

That's what you wanted, wasn't it?---What I wanted? 50

You wanted IBM to partner Queensland Health in implementing the LATTICE replacement. Yes?---No. As I have stated before, they were assisting us with planning but from an implementation perspective, there were still many bodies within the market that could actually assist us in doing that.

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You see, at this stage early in 2007 - I will be more specific, in March 2007, you had the view that CorpTech and the Shared Services Solution was failing, didn't you?---Yes.

1

And quite properly, you thought, "Well, one needs to do something about the Queensland Health. We can't rely on CorpTech. We need our own solution." Yes?---Yes.

And that solution in your mind was a partnership between IBM and Queensland Health to implement the payroll replacement and rostering replacement?---As I said, that they were actually there for planning from an implementation perspective, we didn't have anybody in mind specifically, there were a number of bodies within the market that could allow us to do that.

10

But as at 12 March 2007, IBM they could take care of the whole Health implementation, aren't they, to Mr Waite? ---They appear to be, yes.

20

You didn't know that IBM were making that suggestion to Mr Waite?---Not at this stage, no.

At what stage?---At March, in March.

When did you know?---That they were actually making a pitch to take us over?

Yes?---I didn't know that they were actually making a pitch to take us over. I certainly knew that they were making a pitch in May, I think it was, that they were looking at putting forward Workbrain as an option to do all the award interpretation.

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It goes on in paragraph 4 to say:

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In fact, due to our detailed understanding of rostering and the Workbrain solution, we are best positioned to help QH determine how SAP payroll will be implemented across the agency. We believe that Accenture's knowledge is best leveraged with CorpTech, and they should not be distracted by agency specific implementation issues.

10

That would, again, suggest that IBM were looking to implement the roll-out at Queensland Health by itself? ---Yes, it does.

If you look at the last paragraph:

Please note, this model represents HR payroll only, however, the intention is that the finance side of the project would have a similar composition of responsibilities between QH and IBM.

20

Again, you knew that Logica had been involved in the roll-out of the finance packages for the shared services initiative. Yes?---Yes.

On its natural reading, that would seem to be that IBM is seeking not just to do payroll and rostering but also finance for Queensland Health?---That would appear so.

And you knew that, didn't you?---No, I didn't.

30

At the time, you knew that IBM was seeking, through Mr Waite, that particular job?---No, I did not. From a finance perspective, I had no knowledge of what was going on in the finance area, in fact my finance business integration manager would have been quite upset if I was making statements regarding that.

Can I take you to page 12 then which deals with key features of our proposed conceptual model, and this entire is a proposed conceptual model? Yes?---Yes.

40

"IBM takes the role of HR and finance implementation manager." Can I ask you just to note that, that IBM were seeing themselves as the HR and finance implementation manager. "QH have already asked IBM to fill this role." What knowledge did you have of that?---I did not. I had no knowledge of that.

You had no knowledge that IBM are representing to the chief executive or the executive director of CorpTech that Queensland Health have already asked IBM to fill the role of implementation manager for both HR and finance?---No.

50

Was that the fact?---Sorry?

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Was that the fact?---Was what the fact? 1

Was it the fact that Queensland Health had already asked IBM to fill that role?---No, not my knowledge at all.

So that comes as a complete surprise to you, does it?
---Absolutely.

"HR and finance business leads will be QH staff." That's what you envisaged, wasn't it?---That was my position. 10

The functional business leads will be a mix of QH and IBM staff. The shared service provide function leads will be QHSSP staff, and the change and communication teams and whatever will be lead by IBM team leaders, the testing team and data migration team will be comprised of a mix of QH and IBM staff.

Now, from there may I take you to page 13? At page 13 it says this, "The rostering implementation is of primary concern to QH." Was that one of your primary concerns?
---Yes, it was. 20

As at March 2007?---Yes.

Had you communicated that to Mr Cameron?---I believe so, yes.

When you made these communications to Mr Cameron did you know that IBM was going to be using the information you were giving to Mr Cameron for the purposes of presenting this conceptual model?---No, I did not. 30

COMMISSIONER: What purpose was there in making that communication?---In making what communication?

Why did you tell him that rostering implementation was a primary concern to you and Queensland Health?---It's been a primary concern since we went into the shared services initiative. Queensland Health's been pushing rostering into the shared services initiative - - - 40

What purpose did you have in telling Mr Cameron, though, that's what I'm asking?---That Workbrain hadn't actually been developed yet, it wasn't on the radar, it wasn't ready to go for Queensland Health.

I don't follow that. 50

MR FLANAGAN: Back to page 13. At item 1, "Our conceptual model proposes the appointment of the Queensland Health manager to be co-located with CorpTech application development team. This will afford QH detailed oversight of the application development, in particular rostering, and facilitate increase buy in by QH. This QH manager

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would report directly to the HR and finance implementation manager," who, as we know from page 12, is IBM, yes?---Yes. 1

To your knowledge, through your discussions with Mr Cameron, do you know who IBM had in mind for the QH manager?---No idea.

Was it you?---No.

May I have volume 3, please? There's probably absolutely nothing in this, but can I just, out of more curiosity than anything else, take you to volume 3, page 168? As I read this email, you seem to be sending to Mr Cameron a CV. Yes?---Yes. 10

And it says, "For your information, Damon." Yes?---Yes.

Whose CV was it?---It was my brother's.

I see. All right. What was the purpose of sending Mr Cameron your brother's CV as of 30 April 2007?---I asked him to see if there were any positions going with IBM and to share his CV. 20

What happened?---Nothing.

It wasn't your CV you were sending to - - -?---No.

- - - Mr Cameron? All right. Thank you. Did your brother ever ultimately end up working for IBM?---No. 30

No? Thank you. But you knew Mr Cameron sufficiently well that you were comfortable to ask him for a job at IBM for your brother?---I asked him to share his CV, yes.

May I then take you to page 15? In item 1, release schedule, do you see that there?---Yes.

What's being suggested is the bringing forward of Queensland Health, yes?---Yes. 40

And IBM is saying it's imperative that Queensland Health be brought forward. Yes?---Yes.

And that was the same views that Mr Hay had expressed in his briefing note to senior health department staff?---Yes.

And it was the same view expressed by the then director-general of health to the under-treasurer?---Yes. 50

Had you, in your conversations with Mr Cameron, explain to him that both Mr Hay and the director-general of health were of the view that the implementation for the health payroll replacement should be brought forward?---Yes, at some stage. Yes.

Do you know at what stage?---No, I don't.

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Page 16 then. What's being proposed in item 2 is:

The immediate engagement of IBM to provide value in the reprioritisation in planning and project management activities of the program is required to ensure the successful delivery and subsequent implementation solution and of agencies.

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That's a view you agreed with as at March 2007?---That I agreed that IBM be engaged?

Yes?---Through whole of government? Yes.

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Yes. And then could you turn, Mr Atzeni, to page 17? 1
Excuse me for a moment. Yes, actually, can I just ask you
to turn back to page 13 for a minute, please? It's the
second dot point:

*The trust and credibility that IBM has established
with Queensland Health will significantly improve
CorpTech's credibility in areas such as implementation
roll-out and application development.*

10

The trust and credibility that seems to be referred to
there, is that a reference, as you read it, to the trust
and credibility that Mr Cameron had brought for IBM to
QHEST?---It's a big statement. I wouldn't have said that
was the - it could be perceived as that but I wouldn't have
said that - we only engaged him for a very short period of
time, so, you know, from a trust and credibility
perspective - - -

But you'd known him for two years at CorpTech, hadn't you? 20
---Sure.

Yes. And you were the person who brought him over to
Queensland Health. Yes?---Yes.

So there was, if you like, a relationship of trust and
credibility between you and Mr Cameron, was there not?---I
suppose so, yes.

And if we are to understand this document, that would seem 30
to be in reference to the trust and credibility of the
relationship between you and Mr Cameron. Yes?---I suppose
so. If there were other meetings that had gone on, I'm
assuming that would have also been in relation to their
trust and credibility but you could make that assumption.

All right. Thank you. Could I take you then back to 40
page 17 where we were? What's being suggested here is the
immediate engagement of IBM to resource, plan - for
resources to plan, manage and deliver this requirement,
which is the Workbrain solution. Do you see that?---Yes.

So what's being suggested by IBM is far more than just
scoping or planning, or preparing for the CorpTech roll-out
of the Shared Service Initiative. What's actually being
suggested is the delivery by IBM of the Workbrain solution.
Yes?---Yes.

And did you know that - did you know at the time that IBM 50
were actually proposing to Mr Waite through this conceptual
model the role that's been identified in this document?
---No.

You never spoke to Mr Cameron that IBM were proposing to CorpTech or the executive director of CorpTech that they be responsible for the roll-out of the Workbrain solution at Queensland Health?---No, I did not.

1

Then if you turn to page 18 at item 4, the first paragraph, please.

As previously noted, QH must commence implementation roll-out planning and execution immediately to ensure a successful mid-2008 go live. CorpTech and IBM must be sufficiently and appropriately engaged with the department to allow for roll-out activities to be identified, planned, resourced, executed and delivered as required.

10

Then at the second dot point, it identifies that IBM will take responsibility for the QH implementation. Now, my question to you is: given the detail in this document of the proposal by IBM, had you spoken to Mr Cameron about supporting IBM in relation to this proposed roll-out?---No, not at all.

20

You haven't. And is it the case that you're saying to this commission that Mr Cameron had never given you a copy - did not give you a copy of this submission to Mr Waite in March 2007?---No, I don't believe I've ever seen this.

Can I then take you to volume 3, page 69 to 70, please. I took you to part of the - page 69, Mr Commissioner. I took you to part of the 12 March 2007 IBM conceptual model that said, "We haven't done indicative pricing at this stage but, if it's required, we can do indicative pricing." And that presentation was dated 12 March 2007?---Yes.

30

It would seem that on or about 16 March 2007, Mr Cameron sent to Mr Hey and yourself what is called QH development estimates, "Please find attached development estimates and related assumptions required to support a QH funding request." Do you see that?---Yes.

40

Now, just to be clear, the indicative pricing referred to in the 12 March 2007 report of IBM was indicative pricing, not just for Queensland Health but also for the Department of Education, Training and the Arts?---Yes.

Did you ever request the indicative pricing that had been referred to in that report for Queensland Health?---In that report?

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Yes?---No, I did not.

There's a coincidence of time in that that report is dated 12 March 2007 and Mr Cameron is actually providing indicative costings for the Queensland Health implementation, we'll be specific about that - - -?---Yes.

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- - - but that's on 16 March, that is some four days after this presentation. Yes?---Yes. 1

Do you know whether the two elect - - -?---No, I don't.

All right. Can you tell the commission then how it was that Mr Cameron was requested to provide this pricing?---I believe that Mr Hey or above Mr Hey had actually requested that; I certainly hadn't requested that. 10

It's addressed to you, is it not?---Yes.

How come you've got such a clear recollection that you didn't request it?---I don't have an email requesting it.

And that's the only reason that you don't have a recollection of not requesting it?---That's correct; it was quite a while ago.

It would be within your role and function at QHEST to request such indicative pricing, would it not?---No. 20

You see, the indicative pricing that's presented, if you turn over the page - you read this, at least, when it was sent to you. Yes?---Yes.

The subject of the email and the attachment is "QH development estimates". Just tell us first of all what you understood to be QH development. What's that a reference to?---As in to create within the solution, so to create within Workbrain or create within SAP the functionality required. 30

That is to do the job itself. Yes?---Yes.

To the implementation partner, costing for IBM to be the implementation partner for the payroll replacement and rostering replacement for Queensland Health. Yes?---For the development of the application, not necessarily the implementation. 40

All right. Can I just go back to the email before we go to the pricing. It says:

Please find attached development estimates and related assumptions required to support a QH funding request. Please give me a call on mobile should you require any clarification.

It's the case, Mr Atzeni, isn't it, that QH at this time, believing that CorpTech were not going to roll out the Shared Service Initiative in Queensland Health, were looking at engaging IBM as their implementation partner for the whole solution. Yes?---I don't believe so but certainly from a systems perspective, development, that appears to be here, yes. 50

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Why would either Mr Hey, yourself or someone else in QHEST or at Queensland Health request indicative pricing for IBM if it was not an intention of the parties to proceed with the roll-out or proceed with the implementation?---We needed to identify how this was going to be done quickly and how much that was actually going to cost so that we could actually put it to the powers that be for funding to actually do that.

1

Quite. So the funding request that's referred to there would be a funding request to Queensland Treasury?---Yes.

10

Through CorpTech?---Depending if it was going outside of CorpTech and the funding was coming directly from Queensland Health, it would have been from our director-general.

All right. From your own knowledge and your own memory, was this a proposal going outside CorpTech?---Was this a proposal going outside?

20

Yes?---Yes.

All right. And what was proposed or being contemplated, at least, as at March 2007, was a partnership between Queensland Health and IBM to roll out the replacement? ---Initially, yes.

Now, can I take you to this document? You read it at the time that you received it?---This estimate?

30

Yes?---I believe so, yes.

And Mr Cameron said if you required any clarification, you could ring him on his mobile. Do you have any recollection of calling him on his mobile?---No, I don't.

None?---Not to my recollection.

Did you discuss these indicative prices with Mr Cameron? ---I can't recall that conversation. I certainly would have discussed them with Mr Hey.

40

Yes. Just to be clear, as at 16 March 2007, Mr Commissioner is still stationed directly outside your office. Yes?---If he's not there, he's at IBM, yes.

How many days a week was he outside your office or stationed outside your office?---Two, maybe three.

50

Thank you. Now, going back to my question then, did you ever discuss these pricing - this indicative pricing with Mr Cameron after this email was sent?---I may have. I don't actually recall having a specific conversation around the costings.

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All right. Thank you. Can you take us through this document to tell us: does the figure that's mentioned of 19.5 million contemplate the full implementation of the payroll rostering replacement for Queensland Health?---It appears so, yes.

1

And if you look at Workbrain then, see the second heading Workbrain?---Yes.

Workbrain configuration and development includes local configuration and development effort, and remote Workbrain development items required to be included in the core product.

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Yes?---Yes.

If you go down then to the ESP though, which is ESP continuancy:

Estimate for the configuration and build of award interpretation rules in SAP and associated interfaces, activity required if Workbrain unable to be delivered to QH in required time frame?

20

---Yes.

And there's a number of assumptions but there's four assumptions I'd like to bring to your attention. The first assumption - well, second assumption:

30

Assumed that the SAP finance solution will be implemented as supplied by CorpTech, no addition QH specific requirements to be developed for 31 March 2008.

What did you understand that to mean?---That we would take whatever CorpTech was supplying us with the SAP finance solution.

All right. Thank you. If you go five lines down:

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All estimates include functional and technical design specification, application build, unit test and QA activities. No estimate supplied for system test resources activities.

And then the last assumption:

Assume resource and associated cost estimates for data migration and decommissioning activities are consumed with other QHEST budgets.

50

Yes?---Yes.

Now, when you received this email and these costings, indicative as they are, what did you do with it?---It was in my email. I discussed it with Nigel Hey. I didn't do anything further with it.

1

Did you ever make a funding request?---It wasn't my duty to make a funding request.

Do you know if anyone from QHEST made a funding request? ---Not to my knowledge.

10

So it's your evidence that this email wasn't further actioned. Correct?---That's correct.

All right. Thank you. May I take you then to paragraph 30 of your statement? There you're referring to an email of 30 April 2007.

I forwarded to Mr Cameron a copy of the Workforce Edge document, which was a strategic analysis of the rostering transition prepared for QHEST. This was to assist in the scoping work done by IBM.

20

Yes?---Yes.

When you refer to the scoping work done by IBM, what are you referring to?---To the planning work that we actually had on the statement of work that we originally supplied to them or we were looking at contracting the two.

30

Yes?---And it was around the differences between ESP and Workbrain and the changes we would need to make.

This is the contract that's ultimately - we'll come to it but ultimately it's never signed, is it?---That's correct.

All right. And it's a contract that goes through a number of formulations but it's in or around July 2007, the final product is produced but still not executed. Correct? ---That's correct.

40

All right. Apart from Mr Cameron, as at March 2007, how many people from IBM were at Queensland Health?---I believe two.

Thank you. So if I take you to page 61 of your annexures. This is an email from Deb Jones to yourself dated 23 April 2007?---Yes.

It's a Workforce Edge document, QH strategic analysis of rostering transition. Do you see that?---Yes.

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By this stage, IBM had made a conceptual model presentation or sent a document called a conceptual model to Mr Waite at CorpTech where, on the face of that document, it would seem that they were seeking to implement the roll-out for Queensland Health with Queensland Health. Yes?---Yes. 1

You yourself had received from Mr Cameron indicative pricing for that roll-out of approximately \$19.5 million. Yes?---Yes. 10

And you knew that a part of that pricing included the use of the replacement of ESP with Workbrain. Yes?---Yes.

Now, the strategic analysis of rostering transition, that was, if you look at it, a report that Queensland Health had obtained from an independent contractor, Workforce Edge. Yes?---Yes.

It's a report dated 16 April 2007. Yes?---Yes. 20

And it's strategic analysis of rostering transitions. And if you look at the document itself, you will see in item 4 it deals with the assessment of Workbrain toolset. Yes? ---Yes.

Mr Atzeni, why would you give Mr Cameron such a document? ---When we were looking at the changeover from ESP to Workbrain, we wanted to make sure that the functionality between the systems was similar or better and this was a break down of what functionality is in ESP at the time and what functionality we could use or should use within Workbrain to match that of what we had currently with ESP. 30

It's also a document that could have been useful to IBM for the purposes of rolling out Workbrain itself in QH. Yes? That is, it's a document that's not just useful for scoping; it's a document that would have been highly useful for a contemplated and immediate roll-out of the Workbrain solution in Queensland Health. Yes?---Yes, it could have; yes. 40

50

And that's the very thing that IBM were contemplating through their presentation to Mr Waite. Yes?---So it appears, yes. 1

All right. So when you say it's a document that you gave to Mr Cameron to assist him with scoping, what is the basis of that belief?---So that the changes that were actually occurring between ESP and Workbrain were not documented anywhere other than this document and that is what we could actually see quite clearly in this document and what opportunities there were to utilize the functionality of Workbrain going forward. 10

There are emails which we will come to shortly where Accenture was also being spoken to by Queensland Health. Yes?---Yes.

And representatives of Accenture were being spoken to by Queensland Health in terms of a contemplated partnership between Accenture and Queensland Health for the roll-out? ---Yes. 20

Is that your understanding?---Yes.

Yes. You were - and quite clearly in your statement you say you were more involved in discussions with IBM than you were with discussions with Accenture. That's correct, isn't it?---Yes, that's correct.

And you were personally of the view at this stage that if there was to be a roll-out with an implementation partner, that partner would be IBM and not Accenture. Yes?---At this stage, yes. 30

Yes. Now, it's in that context, isn't it, Mr Atzeni, that you provided this document to Mr Cameron?---No. The case as I stated was that we were actually looking at it from a change perspective at this stage, what actually needed to happen between ESP and Workbrain. 40

And you have a specific recollection of that, do you?---My understanding of the document at the time, yes, that's what I recall.

Now, let's just be clear; you didn't give this report, dated 16 April 2007 to any Accenture representative, did you?---No, I did not.

Did you seek permission from a superior, Mr Hey, to give this report to Mr Cameron?---No, I did not. 50

Pardon?---No, I did not.

Is it something that you just did off your own back?---Yes, I did.

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This is actually a report commissioned by a government department, is it not?---That's correct. 1

It is the property of a government department, is it not? ---That's correct.

Why did you give it to a independent contractor such as Mr Cameron who worked for IBM? Why did you do it?---As I stated, it probably should have "Not to be forwarded", but what it was it was related to the changeover between ESP and Workbrain and we were being assisted by IBM at the time to work out the changes. 10

Could you turn over to page 60 then, please. This is where you forward the document to Mr Cameron, is it not?---That's correct.

You have, "For eyes only"?---Yes.

Now, in ordinary parts, that means you don't want Mr Cameron sharing the fact that he has that document with others. Correct?---That's correct. 20

You want him to keep it to himself that he has received a Queensland Health report from a contractor, dated 16 April 2007. Yes?---That's correct.

Why did you write "For eyes only"? Why did you write that to Mr Cameron at the time?---At the time I didn't want him to forward it anywhere. I didn't want him to, I guess, utilise it anywhere outside of what he was actually doing with us at Queensland Health. 30

All right. You knew he worked for IBM. Yes?---Yes, I did.

Did you think for a moment that he might pass it on to Mr Bloomfield, for example?---No, I didn't think of that.

You didn't think of that? May I take you then to paragraph 22 of your statement? At paragraph 22 and 23 you identify that to your knowledge, Mr Bloomfield was Mr Cameron's immediate supervisor. You say here, "At the same time we had similar discussions with representatives of Accenture." Yes?---Yes. 40

Can I just take you to volume 3, page 7? That's just one example, is it, of an email from Mr Guyer to Nigel Hey. Who is Mr Guyer?---No, that's a female. That was his support officer. 50

I see. The subject is a meeting of Accenture in Mr Hey's office. Yes?---That's correct.

If we do these dates correctly, that's 19 February 2007? ---That's correct.

Thank you. If I could take you then back to paragraph 23 of your statement, it would seem that whilst Mr Hey was having meetings with Accenture representatives, your contact with IBM was through Mr Cameron. Correct?---Yes.

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Mr Cameron is working at QHEST two or three days a week. Yes?---Yes.

Outside your office?---Yes.

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It's not quite the same contact as it was - as Mr Hey was having with Accenture, was it?---There seems to be a little bit missing here in that I was actually able to assist in the coordination of that meeting with Simon Porter and Chris Hubbard. I was having contact with Mr Hubbard quite a lot in relation to - because he was working with CorpTech and working on the implementation process for us.

But my question is, it's not quite the same contact that you were having with Mr Cameron two or three times a week? ---That's correct.

20

That's correct, isn't it?---That's correct.

Yes, thank you. May I then go to volume 3 page 10? Actually, we have dealt with that. We can move to page 77, please, Mr Commissioner, in the same volume.

And again, it's another email, this time from Mr Hubbard of Accenture to Nigel Hey, dated 21 March 2007. Did you have any knowledge yourself of this meeting?---No, I did not; no.

30

Apart from these emails did you ever meet yourself with Accenture representatives?---Certainly whilst they were still part of CorpTech, yes.

Yes, but as at March 2007, you were of the view that Queensland Health should go it alone. Yes?---Yes.

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Yes. The Accenture representatives are the contractors who with CorpTech were rolling out the HR solution for the whole of government. Yes?---Yes.

So these meetings with Accenture, if I can understand it, are these meetings with Accenture for purposes of the roll-out that was already established?---I think there's a couple of things that needed to be clarified here is that when we say we were going it alone, we wanted to be able to stay within the whole of government solution and at some stage come back into the whole of government solution. We just wanted to cover our payroll solution so we weren't moving away from whole of government, we had put a lot of money and had invested a lot of money into this solution so to move away from it and actually build something

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completely different away from what was whole of government was not what the intention was so certainly, you know, to work with Accenture if they were able to speed us up and actually bring us forward then by all means.

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All right. Can I then take you to page 176? This is an email dated 18 May 2007. It would seem that negotiations did occur between IBM and Queensland Health in relation to engaging IBM for what you call scoping work. Is that correct?---Yes.

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Is this part of that process?---Yes.

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All right. Thank you. And from there, can we turn to page 360? Could you tell us anything about what the topic of this email concerns? It says, "RM and Data Resourcing"? ---Is 361 associated with it?

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It would appear to be, yes?---It looks like it's in relation to our information within LATTICE and ESP, and the data cleansing, and data transfer of resources associated with that.

10

So would you - so that email is concerned with the scoping that you wanted Mr Cameron to undertake?---No, not necessarily.

All right. What is it in relation to, then?---So it's in relation to the information and data management team's approach to data migration for Queensland Health to the new solution, so how we would actually set up a product to actually cleanse LATTICE and ESP, and then to migrate that data to Workbrain SAP.

20

Can I take you then to page 362?---Three six?

Two?---Two.

This is an email from you to Mr Cameron dated 18 June 2007. You say, "We'll be meeting with Joanne Taylor from 10 to 11 am." Who's Joanne Taylor?---She was originally the client representative manager at CorpTech. She reported to Darrin Bond.

30

What was the purpose of meeting with her?---It could have been a number of things, I don't actually recall, but often they referred back to me, because I was the client rep of Health, she may have been asking for information that I had whilst I was in the position and they wanted further clarification on something.

It's the case at or about this time that you're still in discussions with CorpTech for the Queensland Health roll-out, aren't you?---Yes.

40

Yes. And in spite of you thinking it would fail or the Shared Service Initiative would fail, it was the case that there was a continuation of that roll-out using Accenture, Logica and IBM in its limited role as contractors for that roll-out. Yes?---That we spurred the roll-out after Housing?

Yes?---Not to my knowledge.

50

It was still contemplated, though?---Yes.

Yes. And your meetings with CorpTech were in relation to what was going to be the usual roll-out?---Yes.

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Yes. You said, "Nothing happened here. We'd like to explore our options with going it alone again, resourcing and project plan." What do you mean by those words?---As in what the options were to actually make the implementation of Workbrain and SAP happen faster within Queensland Health.

1

But you "wanted to explore our options with going it alone again", which would suggest that you had already explored the option once before. Correct?---Yes.

10

And that's an option that you actually had explored with Mr Cameron and IBM in relation to them partnering Queensland Health for the implementation of the payroll replacement. Yes?---Yes.

Now, did you have those discussions with Mr Cameron?---I don't recall.

Did you have those discussions with Mr Bloomfield?---Again, I don't recall.

20

Did you have discussions with Mr Bloomfield about going it alone?---I'm trying to recall a time when we did. It may have been discussed, yes, but I can't recall the specific time when we actually did do that.

All right. Well, this is 18 June 2007, so at this time can you recall discussions you had with either Mr Bloomfield or Mr Cameron about going it alone, and just before you do that, can I just clarify: when you use the term "going it alone", it means partnering IBM in relation to the roll-out. Yes?---Yes, it would appear so.

30

Can you just turn your mind then to any conversation you had with either Mr Bloomfield or Mr Cameron about going it alone?---I can't recall a specific time.

Can you generally recall discussing this topic with Mr Bloomfield or Mr Cameron?---Not specifically, no. No, not specifically.

40

Thank you. Can I take you to page 174 of your annexures, which relates to paragraph 35 of your statement? In paragraph 35 you're talking about:

During this period I was not aware of the intention of CorpTech to move to a prime contractor model. It was my general view that the Shared Service Initiative was not proceeding or not proceeding in any prompt or meaningful way from a Queensland Health perspective. I was sent an email from Mr Cameron on 30 July 2007 providing a link to an announcement by the premier about the Shared Service Initiative. I did not read that attachment at the time, but I recall reading it sometime later.

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Mr Commissioner, we've tried to obtain through that link the relevant attachment without success, but can you recall what that announcement by the premier was about?---No, I honestly can't. I would love to know what it actually said, but no, I can't recall and I believe I wouldn't have been able to access it on my Blackberry at the time, so that's probably why I wouldn't have read it at the time.

1

When did you first become aware that Queensland Treasury was looking at a prime contractor model?---I guess the prime contractor model wasn't actually of great interest to me, as in wasn't of significance, so I can certainly say the ITO process was going for a prime contractor model but specifically I can't give you a date that I actually knew or found out about it. I think it was a bit of a surprise to me that we were actually moving down that path.

10

Mr Atzeni, as at 18 April 2007, Mr Uhlmann of Arena Consultancy had done a snapshot review of the Shared Service Initiative with the under-treasurer. One of the particular recommendations he made in that review was that Queensland Health not be brought forward. Yes?---Yes.

20

You knew that, didn't you?---I found out about it, yes.

Yes. Mr Burns, in his report of May 2007, endorsed that opinion and also stated that Queensland Health should not be brought forward. Yes?---I believe so, yes.

Something changed, however, because we know that through the prime contractor model Queensland Health and the Department of Education were in fact brought forward and made the first cab off the rank. Yes?---Yes.

30

Can you assist us in understanding how that change came about?---How Queensland Health came about going forward?

Yes?---Are you talking from an ITO process or are you talking about how we were recognised as coming forward?

40

Yes, because - did you play a part in making representations to Treasury for the purpose of bringing Queensland Health forward?---I wasn't involved in presentations, no. Again, my understanding was it was the concern of Queensland Health that we weren't going to be on a supported payroll solution, that we had enterprise bargaining agreements that were looming and that needed to be configured in the system where we didn't believe that they could be configured and that the systems were constantly having problems and, at this stage, it was both LATTICE and ESP.

50

All right. Did you know when the under-treasurer became convinced that Queensland Health should be brought forward in spite of the recommendations made in the Arena Consultancy report and in Mr Burns's May report?---No.

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Do you know whose decision it was to bring Queensland Health forward?--No, I don't. 1

Do you know if - did you ever speak to Mr Burns about whether Queensland Health should be brought forward when he was either doing his review or at a later stage?---No, I don't believe I did.

Mr Burns, for the purpose of his May 2007 report, had 14 focus groups across government for the purpose of doing his review. Were you a party to one of those focus groups? ---No, I don't believe I was. 10

When was the first time that you met Mr Burns?---I believe it was at the ITO. I have some recollection that I felt as though I had met him prior to that. I can't recall where or when but his name was well Googled and looked for as to why he was actually brought in to review CorpTech, so I don't know if I'm creating memory there but - - - 20

All right. Can you shed light for us, though, on how, in spite of these two recommendations in these reports, Queensland Health is brought forward?---No, other than the risk that had actually been raised and, I guess, it was a constant risk that was identified with CorpTech. The concerns that both their director-general had about who was going to own that, I believe that she at the time had a number of conversations with the under-treasurer regarding that. Again, that's what I was told; I'm not fully aware of that. It was a surprise to see that we were actually being recognised as coming forward. 30

Can I just take you to an example of the health services agreement that you were negotiating with IBM or - - -? ---Sure.

- - - QHEST were seeking to negotiate with IBM. It's in volume 4, Mr Commissioner, page 486. This is an email of 2 July 2007 at 3.04 pm?---Sorry, what page was it on? 40

It's page 486, Mr Atzeni. And that was the form of the service agreement for Queensland Health as at July 2007. Is that correct?---I believe that's correct, yes.

All right. And this is the agreement or scoping work that you're talking about in paragraph 33 of your statement, is it not?---Yes.

Where you say that, "IBM carried out scoping work for the job of the replacement of the LATTICE system with the SAP system." by that, I take it you're not suggesting, are you, that this agreement had anything to do with scoping by IBM, in fact three people, Mr Cameron, Kate Hillman and Sarah Simpson, for the purposes of IBM actually implementing - - -?---No, and my words scoping there were around the statement of work that we actually gave them. 50

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Right. Thank you.

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COMMISSIONER: And what was IBM to do?

MR FLANAGAN: Simply scope the changes that would be needed to get ready for the CorpTech/Accenture roll-out. That's basically it, is it?---That's exactly it, yes.

COMMISSIONER: Is that the contract that went nowhere?

10

MR FLANAGAN: Correct. Can I then take you to paragraph 37 of your statement and may I have volume 28, please. In paragraph 37 in the second half of that paragraph where you're talking about the email from Mr Cameron of 8 August 2007, which is at pages 178 to 179 of your annexures, you say that:

I was unaware of this at the time I did not consider Mr Cameron's email related to his company's tender for or attempts to become the prime contractor in respect of the Queensland Health payroll project.

20

If you actually look at page 178 of your annexures, you're the person who was actually sending the email to Mr Cameron, you say at the bottom of the page:

Hey Jason, how was the CorpTech presentation? Are you hopeful? Have just read a risk -

Now, can you work out what that says?---"Raised."

30

"Raised again." "Have just read a risk raised again by the SSP, which is the Shared Services - - -"?---Shared Services partner.

"- - - partner?" Who was that?---That was, we think, Queensland Health, our payroll service.

Right?---So Janette Jones.

40

Right. "But they may have difficulties if some mitigation isn't forthcoming soon." Was that in relation to the LATTICE system?---Yes.

All right. "I am raising my thoughts to the agency and Nigel today and come next week we should be moving forward, I hope." What's that a reference to?---In how we actually might be able to progress our implementation and what options we actually had to us at the time.

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"When will you know outcomes of the presentation? Would be good to catch up with you soon. Coffee?" and the response is:

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G'day, Damon, presentation went well. I think they are finally starting to take notice. We think we should find out on or around the 14th. We'll probably still need to complete an RFO between now and then and catch up today around 11.30 am today if you're free.

1

Mr Atzeni, when one reads those emails, how is it that you didn't know the presentation that you were referring to was a presentation in relation to IBM seeking to become the prime contractor?---At the time, there was a lot of presentations going on around Workbrain and how it would actually offer an alternative to implementation. We were looking for an alternative and we were waiting to hear whether CorpTech were looking at doing something different because money was running out, they needed to speed things up and we were waiting on, I guess, their decision to actually progress ourselves, see what we could actually do to move forward quickly.

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But there's a reference there to an RFO. You knew from government that RFO was a request for offer. Yes?---Yes. 1

So you knew it was referring to a tender process. Yes? ---The RFO, it still needed to be completed - it still needed to complete an RFO but I certainly didn't believe that anything had started before that.

All right, but it was an RFO for the prime contractor. Yes? You're ultimately involved in the evaluation team for it, aren't you?---That's correct. 10

What I am suggesting is at 8 August 2007, you knew that this email exchange between you and Jason Cameron were in relation to a presentation IBM had done in relation to IBM being the prime contractor?---No, I did not.

You did not?---No.

You certainly knew shortly after when Mr Cameron sends another email offering Nigel Hey to give the same presentation. Yes?---To actually talk about what presentation that we're getting, yes. 20

Yes. And did he actually give the presentation to you and Mr Hey?---I don't recall actually having that presentation.

You don't recall?---No.

You knew that Accenture and Logica were involved in the same process, didn't you?---I believe so, yes. 30

Did you ask any representative of Accenture whether they - how their presentation went?---No.

Did you ask any representative of Logica how their presentation went?---No.

All right. Why was it that you were only interested in how IBM's presentation went?---Because they were dealing with Workbrain at the time, because we were focused on Workbrain and how it was actually going to work for Queensland Health. 40

Mm'hm?---That was the focus.

See, if you look at - just to put this in context, if you go to volume 28 and turn to page 596. This email exchange between you and Mr Cameron was actually on 8 August 2007. On 7 August 2007, Mr Bloomfield of IBM was sending to Maree Blakeney the presentation called delivering excellence with CorpTech. Do you see?---Yes. 50

If you then go to page 548 which is 25 July 2007, it's actually a request from Mr Burns asking, "Is IBM prepared to enter into a prime contractor role?" Do you see that?---Yes. **1**

And this presentation by Mr Bloomfield sent is in response to that email. Yes?---Yes.

Yes. You see, if you're asking Mr Cameron, "How did the presentation go?", it would suggest to me that you had actually discussed with Mr Cameron the presentation. Yes? ---Yes, I assume so. **10**

And having discussed it with him, you knew the purpose of that presentation was to respond to the proposal that IBM become to prime contractor, or other tenderers become prime contractor. Yes?---No. No. I didn't know at the time that that was actually being discussed.

Do you have a recollection of discussing the presentation with Mr Cameron prior to sending your email?---No. **20**

You knew IBM was giving a presentation. Yes?---Yes.

So are you saying you don't know the subject of that presentation, subject matter of that presentation?---That's correct, yes.

Even though when he responds to you, "Well, we might still have" - sorry, to be accurate, "We will probably still need to complete and RFO between now and then"?---Yes. **30**

So you knew that that was a tender process?---I knew the RFO was a tender process.

Yes?---I didn't know what had gone on before that was a part of the tender process.

When he made that reference to RFO, did you understand it was going to be a tender process to see who would become to prime contractor?---No, I did not. **40**

You did not. Did you ever ask what was the presentation in relation to?---I had assumed it was around Workbrain and how they were actually going to implement Workbrain fast-track and implement, I guess, the capability that Queensland Health needed.

Thank you. Volume 4, please, page 557. This is a request from Mr Cameron which is dated 25 July 2007 at 12.17 pm - excuse me for a minute, Mr Commissioner - where he requested a document from you. Is that correct?---That's correct. **50**

Now, even though the subject is contract draft for review, this email is not about that contract, is it?---That's correct. 1

It's about a completely different subject, is it not? ---That's correct.

You see, I showed you before Mr Burns' email of 25/7/2008 which was actually sent to IBM at 10.58 am. This is a request from Mr Cameron on the same day which is 12.27 pm. Yes?---Yes. 10

What is it that he is requesting from you?---So there is a specific roll-out deliverables plan that CorpTech has when they are actually delivering to a site and it was a copy of that roll-out template in Microsoft Project.

Why couldn't Mr Cameron just access that document himself? ---It was generally available at CorpTech. I assumed he just used me as a - did I have a copy of it. He knew that we had copies of it for Queensland Health's implementation and as he said here, "I don't need one with any Health details, just the original template," so it was a document that was a base plan, I guess. 20

Were there IBM contractors at CorpTech? Why didn't he request it from them? Why did he request it from you?---I don't specifically know.

What use is such a document? What does it do? What does it inform one?---Of a roll-out plan, what deliverables come before particular work that has been done, what comes after, what are the time lines around those, who is responsible for particular items - those sorts of things. 30

He also says, "Also, can we meet with yourself and Dougal Ferguson." Who is Dougal Ferguson?---Dougal Ferguson was our awards expert.

"For an hour tomorrow morning to discuss awards. We want to get a view point so that we can make accurate assertions on how to best structure, develop and release." What is that in relation to?---In relation to the awards that had been built within Workbrain. 40

No, he says, "So that we can make accurate assertions on how to best structure, develop and release." Accurate assertions to whom? For what purpose?---I'm not quite sure. 50

Did Mr Cameron tell you that he had received or IBM had received a request for proposal, or that is, the email from Mr Burns?---No, not at that stage, no. 50

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All right. "Can you please organize an appropriate time with Dougal and we will make sure we are available. Also, we can host here or can come down to QH, whatever suits." Did you go down to IBM?---Yes.

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Yes. Where were IBM's offices at the time?---Where they are now.

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And did you take Dougal Ferguson with you?---Yes. 1

And who else was present from IBM?---Chris Prebble, Sarah Simpson, Maritza Richards, Jason - I can't recall the others that were there. I don't think there were too many more.

How long did the meeting take?---An hour.

An hour. And what was discussed at this meeting?---I've been trying to recollect the detail of this meeting but we did discuss award, what awards should be in Workbrain, what should be in SAP, what were of particular importance to Queensland Health. With awards, it would have taken days to go through the Queensland Health awards, there are so many of them, so it was high level of detail, but as for all of the what specifically we discussed, I can't recall that detail. 10

Can you please try?---It was when - I guess when we would actually use the award interpretation within Workbrain, perhaps leave, the rest I'd be guessing. 20

Now, this has nothing to do with the scoping work that's the subject of those draft contracts, does it?---No, I don't believe it was.

No. You're actually there to assist IBM, weren't you, in relation to understanding the awards for Queensland Health because they were responding to Mr Burns's email?---I wasn't aware that they were responding to Mr Burns's email but we were there to assist them with the awards, yes. 30

But if you're not there for scoping, you must have thought, "Why am I here in a boardroom at IBM talking to IBM representatives, numerous IBM representatives," why were you there?---Discussing the awards for Queensland Health.

Why?---How they would be configured in Workbrain. 40

Why were you there at all?---We were interested in making sure that whatever they built in Workbrain was going to meet Queensland Health's requirements.

And you had no inkling this was in relation to them responding to a request for proposal?---No.

You had no inkling that this was for the purpose of them seeking to become the prime contractor - - -?---No. 50

- - - for the Shared Service Initiative roll-out?---No.

That wasn't discussed?---No.

You actually went there, didn't you, because Mr Cameron had asked you to go there. Yes?---Yes, that's correct.

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Was that your only meeting with IBM representatives at IBM's building?---Before the ITO? 1

At all. Yes, before the ITO?---Yes, that's my recollection.

Did you have other meetings there?---Other than for coffee, didn't go - no, I don't believe that we actually did meet at IBM. I thought we actually met for coffee down and around near IBM but other than that, not in IBM offices, as far as I can recollect. 10

And when you say you met for coffee, who did you meet for coffee?---So with Mr Cameron initially and at some stage it was Mr Bloomfield.

Now - - -

COMMISSIONER: When was this? 20

MR FLANAGAN: I am going to ask, yes. When did these coffee meetings take place?---Sporadically from when we first look at engaging IBM. I'd be guessing May thereabouts.

This is July?---Yes.

Yes?---Yes.

And this email is July but the meeting is the following day, which is 26 July. Yes?---Yes. 30

I want you to tell us how many meetings, who was present, what was discussed in terms of the period 25 July 2007 through to 23 September 2007?---I'd be guessing. I really don't - - -

Guess, then. Just tell us. How many meetings did you have, who was present and what was discussed. We need to know, Mr Atzeni?---Sure; two, three meetings, mostly with Jason. What was discussed? Oh, honestly, it was that far back, I don't recall. I honestly don't recall. 40

You see, you were doing everything in your power to assist IBM to become the prime contractor because you knew that the first roll-out of a human resources solution was to be Queensland Health. Yes?---That I knew that?

You knew that?---No. I wanted that to occur but I didn't know that. 50

You certainly knew it when you were on the evaluation panel, didn't you?---I looked at Queensland Health being forward as much as possible, yes. Whether we were first or not, that was to be determined, but - - -

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What was the purpose of these meetings?---I'm sorry, I honestly don't recall what we were actually - what we would talk about at coffee.

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You don't?---No.

And that's your honest answer, is it?---That's my honest answer.

You do not recall what you spoke to Mr Cameron about at these meetings. Yes?---That's my honest answer, yes.

10

Can you recall who else was present at these meetings? ---No. I mean, no, I can't. I'd be guessing if I was saying on any particular day that anybody else was actually there.

Yes. You see, we're not interested in any particular day, we want presently your best recollection - - -?---Yes.

20

- - - of how many meetings, where they took place, who was present and what said. Do you understand that? ---Absolutely.

Now, would you do that, please?---I don't have any detailed recollection of when the meetings were, who they were with and what they were about.

Where were they?---Even that, can't tell you from a - it would be a coffee shop somewhere but I can't specifically where.

30

Near Queensland Health or near IBM?---I mean, it could have been in the basement of where Queensland Health was, as in the coffee shop at the base of Queensland Health.

Do you have a recollection of Mr Bloomfield attending any of these meetings with you?---No, not strongly, no.

Not strongly. Were the meetings arranged by email?---No. Well, I don't have a recollection of where they were actually organised or when they were actually organised.

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Is that a convenient time, Mr Commissioner?

COMMISSIONER: Yes, it is. Thank you. We'll resume at half past 2.

THE COMMISSION ADJOURNED AT 1.00 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.29 PM

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MR FLANAGAN: Thank you, Mr Commissioner.

Mr Atzeni, just before we adjourned I was asking you to recall, if you would, the meetings that you had with IBM representatives. Can I be more specific? We've noted that you attended at the IBM offices - is that correct - on or about 28 July 2007?---Is that with Dougal Ferguson, Mr Flanagan?

10

Yes, for the awards, in relation to awards. Is that correct?---Yes, that's correct.

And the people that you named who were present were Lochlan Bloomfield, Paul Surprenant, Jason Cameron, Chris Prebble and Sarah Simpson. Is that correct?---No, I don't believe I mentioned - I mentioned Maritza Richards.

20

I'm sorry, could you speak up?---Maritza Richards.

Maritza Richards? Thank you. And the date of that meeting was around 28 July or so?---Yes.

All right. Now, you've told us that awards were discussed and you took Mr Ferguson, from Queensland Health, to that meeting?---Yes.

30

Thereafter, so after 28 July 2007, would you please tell the commission what further meetings you had with either Mr Cameron, Mr Bloomfield or other representatives of IBM and where those meetings took place and what was said? ---Okay. So meetings, I didn't have any official meetings with them, I did have coffee, I believe. I can't recall the exact number of times, I believe it to be two or three times. I believe the majority of the time it was with Mr Cameron, I don't believe it was with Mr Bloomfield during that time. And as for what we discussed, most of the time it was generally how they were going with Workbrain, I believe. Again, I'm not totally sure about what we actually discussed.

40

What aspect about Workbrain was discussed?---Whether he thought it was going to work, how long it would take to configure the awards in Workbrain, other than that I really can't say that I can remember anything more.

Well, you said he talked about whether it would work, that is, the configuring of the awards in Workbrain. Is that correct?---Yes.

50

And what did he say about that? Did he say, "Yes, it would work," or, "No, it wouldn't work," or they thought it would work or what?---I think they thought it would work.

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So you recall he said that at the meeting, yes, at the coffee meeting?--I'm assuming he said that, if he had said no I would have objected so I'm assuming he said yes. As I said, I don't recall detailed discussions of those meetings.

1

When was the latest meeting? When was the last time that you met with Mr Cameron one on one for coffee prior to the issuing of the ITO on 12 September 2007?--As I said, Mr Flanagan, I'm guessing it was two or three times. I can't even recall the last time I had coffee with Mr Cameron.

10

But the purpose of you attending coffee with Mr Cameron was to give him, as a representative of IBM, as much assistance as you could for the purpose of them winning the prime contract, wasn't it?--No, not necessarily.

Not necessarily? That was part of the purpose for which you attended these coffee meetings, wasn't it?--Most of them were social, most of them were catching up, asking how things were going. I don't recall the detail of those conversations.

20

It's the case, Mr Atzeni, that you would take actions to assist IBM to win the prime contract because you wanted them to be the contractor with Queensland Health for the payroll replacement, didn't you?--No, I didn't want them to be the replacement prime contractor, I certainly wanted them to assist us to speed up the process of having a new payroll solution, that was my focus.

30

May I take you then to page 180 of your annexures? Now, this is an email from Mr Cameron to Nigel Hay and copied to you. You had already had email correspondence with Mr Cameron prior to this as to how the presentation went. Mr Cameron is then emailing Mr Hay to see if IBM would like the opportunity to share with you our presentation to CorpTech that outlines our recommendations and commitments for delivering a LATTICE replacement program for July 2008. Now, this email was copied to you, wasn't it?--Yes.

40

So at least by 13 August 2007, you knew that the presentation that you had previously asked Mr Cameron about was concerning the LATTICE replacement. Yes?--Yes.

So by this stage at least you knew that IBM were seeking to become the prime contractor for the purpose of rolling out the LATTICE replacement and the whole of government shared services initiative. Yes?--This is specifically about the LATTICE replacement program not necessarily about the prime contractor role.

50

This is beyond scoping work, isn't it?--Absolutely, yes.

Now, did this presentation take place?---I'm not aware. I don't believe I attended a presentation. 1

Did you speak to Mr Hay about this?---I believe I spoke to him about preparing for a presentation from IBM as in what did he want me to organise, but whether it progressed or not, I don't believe it did.

Were you ever given the presentation document by Mr Cameron?---No, I was not. 10

You weren't? You recall that as a specific recollection, do you?---I would have remember if I had been given the presentation.

All right. Now, may I go to volume 4, page 572, please? This is Mr Hay's response to Mr Cameron in relation to the email suggesting the presentation to which you were copied in on, and he says, "Hi Jason, does that mean IBM has been selected by CorpTech to undertake the work or is this a separate proposal?" Did you talk to Mr Hay about what IBM had actually presented on?---No. 20

No? And, again, Mr Atzeni, you have a specific recollection of not speaking to Mr Hay about that presentation?---Not to my knowledge I can't.

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May I then take you to page 183 of your annexures, which relates to paragraph 40 of your statement? Now, if you would turn to page 184, it puts this email into some sort of context?---Yes.

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Mr Cameron sends to you certain attachments where he says, "Happy reading". That's at 1.45 pm.

COMMISSIONER: Where's that, Mr Flanagan?

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MR FLANAGAN: Page 184 of Mr Atzeni's annexures. Then at page 183 you send the attachments on to Mr Nigel Hey at 3.06 pm saying, "Unofficially got these from IBM, who go them," or "got them", "for their planning." Yes?---Yes.

What planning were you referring to there?---I'm assuming for the planning for delivering the whole of government solution.

Yes. So can you tell us, why is Mr Cameron sending you information concerning the scoping for the Department of Education, Training and Arts?---So this information is something that I guess we would have normally gone to Education for. It was something that they were looking at how they were implementing RecruitASP, Saba and SAP payroll, so their requirements, their business requirements, and we were always behind the eight ball in getting this information. They had a large team work working on this and the sharing of that information, I guess, came from Mr Cameron to me. We'd also received previously there testing documentation, not through Mr Cameron but through Education, and this was their latest documentation.

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Did you know or appreciate that Department of Education, Training and Arts scoping was in fact - or actually it's called DETA Requirements Path. What does that mean?---So the - when we put the deed of requirements path, there's an email that actually sits in between these which came from Mr John Barry who had placed these documents from Mr Cameron in a particular directory on the G drive, on our home drive, and the path actually directed Nigel to - as in, this is where the documents were actually being held.

40

Do you know how Mr Cameron obtained those documents from - - -?---No, I don't.

- - - DETA? Mr Commissioner, we should just point out that it would seem the DETA scoping documents or at least the DETA scope XIS was in fact a document that ultimately is an annexure to the ITO. May I take you to paragraph 41 then of your statement? You said, "I sat on the assessment panel, which assessed the tenders, which were called for in September and finally awarded in December 2007." Then you go on to say, "I have been asked whether during this time I

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received a CD containing IBM's proposed response to the ITO." You say, "I did not." "From memory, I think I may have in or around this time frame," which is September 2007, is it?---Yes. 1

"I may have in or around this time frame received documents from IBM which had been prepared in relation to their 2005 contract." Well, can you recall in what form did you receive those documents?---No, I can't recall what form I actually received the documents in. 10

You don't know whether it's a CD?---No, I don't.

But you do receive some documents from IBM at or around September 2007, is it?---My recollection is that I was looking at how we could actually join the products together from a Queensland Health side, so how we could keep LATTICE and ESP working whilst we implemented SAP and Workbrain. I was looking at, and I had, an original document from the original 2005 presentations. It was a single document which identified there was a middleware, if you like, that actually joined the products together. I believe I inquired from Jason at some stage did he have more detail on this and at some stage I actually received those documents. I don't know in what format I received them and I don't recall what format I received them in, but it was in relation to how that was - how the original products that was put together. 20

All right. Now, you say that these documents were in relation to the 2005 contract. Is that right?---That's correct. 30

Did you ever receive at or about this time the response that IBM were - or some working from IBM in relation to putting together a response to the ITO?---No, I did not.

The ITO issued on 12 September 2007?---Yes.

Did you speak to Mr Cameron about the content of the response that IBM should be putting in?---No, I did not. 40

Did you give him any assistance or Mr Bloomfield any assistance in terms of the structure - in terms of the matters that you'd been discussing about Workbrain and using Workbrain for the awards?---No, I did not.

Thank you. Can I move to the question of conflict, then. You deal with this in paragraphs 42 to 45 of your statement. You say that your best recollection as at 2007, that you filled out a conflict of interest declaration that identified that you had been working with IBM at Queensland Health. Yes?---Yes. 50

And also, you had worked with Accenture?---Yes.

That's your independent recollection of what you declared on the declaration?---Yes. 1

Do you know where the declaration is?---No, Mr Flanagan, I don't know where it is.

You see, we have a number of declarations of people who were involved in the RFP process; you weren't involved in that process, were you?---No, I was not. 10

Do you have a specific recollection of actually signing a declaration?---I have a vague recollection of actually filling out something whilst I was - just as I'd started within the ITO process. I know that at the time, we had all had contact with Accenture and IBM in some way, shape or form and that's what we were filling out on the conflict of interest document.

Yes. But you see, when you say you've worked with IBM and worked with Accenture, it's actually quite different, your conflict, wasn't it? You had actually worked very closely with Mr Jason Cameron from IBM, hadn't you?---Yes. 20

You had actually attended IBM's offices for the purposes of discussing the awards configuration with Workbrain with them, hadn't you?---Yes.

And you had also been the person who obtained for Mr Cameron his seat at QHEST. Yes?---Yes. 30

And you were also a person who had requested from Mr Cameron some effort be made for a job with IBM for your brother. Yes?---Yes.

You are also a person who had determined as early as February 2007 that you did not want, necessarily, Accenture for the purposes of the LATTICE replacement at Queensland Health. Yes?---Yes.

And you had a predisposition against Accenture being awarded any such contract?---A predisposition? I had concerns about them being awarded, yes. 40

All right. You had also shared documents with Mr Cameron, hadn't you? He's provided you with the - - -?---Yes.

- - - DETA scoping. You'd provided him with a report by a private consultant to Queensland Health. Yes?---Yes. 50

And in relation to that, you say now in hindsight, you think you had a perceived - you may have a perceived conflict. Yes?---With that evidence? 1

Yes?---That's certainly the way it would appear. I don't believe that there was anybody else that could have been in that role with the information that I actually had from a technology history business requirements perspective, but there's a possibility that there was a conflict of interest. 10

Yes, you say that. You say that you're the only person in Health who could have possibly sat on the evaluation panel. Correct?---Not the only person but there weren't too many of us.

Yet there were other representatives from Health on the evaluation panel, weren't there?---Yes, there was one other. 20

Yes. Who was that?---Joanne Boland.

Yes, and she is qualified to sit on an evaluation panel such as you did. Yes?---Yes.

All right. You don't have any IT qualifications as such, do you?---No, I don't.

Mr Nigel Hey was certainly qualified to sit in on an evaluation panel, was he not?---Yes, he was. 30

Yes. So it's not a question of you being the only person from Health who was available. The question is this, Mr Atzeni; you knew that you wanted IBM to do the roll-out for Queensland Health, didn't you?---I certainly didn't choose to be - or put my hand up to be on the implementation panel.

THE COMMISSIONER: That wasn't the question?---Could you repeat the question, please, Mr Flanagan? 40

MR FLANAGAN: You knew that you wanted IBM to do the Queensland Health roll-out, didn't you?---I believed that - no, I didn't want them to be - to do the roll-out. I certainly wanted to see what they were putting together. No, I didn't want them to actually be the only person to do the roll-out - the only group to do the roll-out.

You see, the only reason you attended at the offices of IBM to discuss awards because you were wanting IBM to do the configuration in relation to Workbrain and roll-out of the LATTICE replacement in - sorry, implement the LATTICE replacement of Queensland Health, didn't you?---I believed that they could have done it in the fastest time with the resources available to them. 50

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You see, what I am suggesting is that you didn't have a conflict, you had actually determined by the time that you were on this evaluation panel that you wanted IBM to win the contract, didn't you?---No, I didn't know what was being delivered from the other parties so no, I can't say that I did want them to win. I certainly knew what they were offering in regards to the award interpretation within Workbrain but to want them to win, not necessarily, no.

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If you look at paragraphs 10 to 14 of your statement once again - - -

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THE COMMISSIONER: Which paragraph was that?

MR FLANAGAN: Paragraphs 10 to 14, Mr Commissioner.

You at least had, by the time you were on the evaluation panel, an apprehension or a concern that Accenture was not the right contractor to be replacing LATTICE for Queensland Health. Yes?---Yes.

20

You knew by the time that you were involved in the evaluation panel that Logica was only tendering for the finance and other OFS matters. Yes?---When I had read their ITO documentation, yes.

Yes. So it was really a two-horse race, wasn't it, between Accenture and IBM. Yes?---Yes.

You had a pre-determined stance that you wanted IBM to do the LATTICE replacement. Yes?---That I knew what they were doing, yes.

30

You see, what I am suggesting, Mr Atzeni, is that it's not in retrospect that you knew you had a conflict. You knew at the time that you should not have been participating in the evaluation of this ITO at all. What do you say to that?---I believe that if Accenture had actually identified that Queensland Health was being mitigated against in their proposal that they would surely have won the tender.

40

Do you recall in the course of the evaluation process that a presentation was made by IBM representatives in relation to the Workbrain solution?---Not specifically, I don't recall that. I know that there were a number of things that were presented during but I don't recall the presentation.

Can I show you volume 30, page 1483?---What page was that, Mr Flanagan?

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I'll just get the page for you, if you want? ---Sorry.

THE COMMISSIONER: Is it 1216?

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MR FLANAGAN: It's the document, dated 17 October 2007? 1
---Mm'hm.

Can you look at the people from IBM presenting that?---Yes.

Now, in relation to those people, you had previously discussed the awards configuration with Workbrain with some of these people, hadn't you?---No, not with any of these people.

Mr Bloomfield?---I honestly don't believe Mr Bloomfield was at that meeting. 10

I thought in your previous evidence you named Mr Bloomfield as being present when you went down and discussed awards, taking Mr Ferguson with you?---No. You mentioned him in the return. Mr Suprenant, I certainly didn't recall him being there either but I didn't recall Mr Bloomfield being there. Did I state that? I did? 20

Yes. 20

THE COMMISSIONER: My recollection (indistinct), Mr Atzeni?---Okay.

We can actually check the transcript but that's my recollection?---I'm happy - - -

MR FLANAGAN: In any event, do you recall this presentation being made as part of the evaluation process?---I don't actually believe that I was there during this time. My time was on the evaluation - in the evaluation panel was on - based on the offers that came through and I believe it was over a three-day period from the 8th through to the 12th so if this was done on the 17th, I don't believe that I was there. 30

Can I just take you to the evaluation process and this might assist in determining that for you. Can I take you to volume 19, please. Can we start from page 328. In paragraph 47 of your statement, you do say, "I do have some memory that at some point, the point scores for Accenture and IBM changed." Yes?---Yes. 40

All right. If you look at, first of all, 328, you will see there that Accenture is being scored at 3.16. Yes? This is function and business which was the subteam that you were part of?---Yes.

Headed by Mr Bond?---Yes. 50

And IBM is at 2.63, and then if you look at the justification for subcategory 1 and the comments made under there, and over the page, "The IBM approach is potentially very high risk." Do you see that?---Yes.

1

Having had your discussions with IBM representatives and discussing the awards configuration in Workbrain, did you believe that it was high risk?---No.

So that opinion being expressed there is not your opinion? ---No.

10

All right. Thank you. If you then go to page 531, which unfortunately means you have to change volumes to volume 20, but if you keep volume 19 with you. The scoring then has changed so that Accenture is at 3.50 and IBM at 3.15, then if you look at the justification for subcategory 1, "Both IBM and Accenture have strong methodologies around some management approaches by scope delivery." If you turn over the page, the reference to high risk has been removed and what one has is that, "IMB approach to awards config in Workbrain appears to provide a suitable alternative that should generate savings in both the implementation and support effort. This has been demonstrated by reference sites, however there is still some concern that these do not reflect out complexity and size." The reference there to "our" - - -?---Yes?

20

- - - is that a reference to the Queensland government or Queensland Health or - - -?---I believe it was to, at least, as in Queensland Health and Education. We were both part of that team and we were looking at how it was actually going to affect both of us from an implementation perspective.

30

Did you write those words?---I don't believe I wrote those words, no.

Did you dictate those words?---No, I don't believe we dictated those words. I certainly think we came up to it together as a team, with Sandra and Kevin at the time.

40

Can I take you then back to volume 19, to page 325? This seems to be a copy of what is the final assessment report by this particular subteam dealing with functional and business. You'll see it's signed by Mr Bond on 9 November 2007, by Ms Beutel on 23 November 2007, by Ken Millman on 13 November 2007, but it does not appear to be signed by either you or Mr Mander. Do you recall ever being requested to sign this report?---No, certainly not in November.

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All right. And then can I take you to the same volume at page 312? This is the appendix B to the ITO function and business and it seems to be the report of your subteam in

relation to strengths and weaknesses of the Accenture, IBM and Logica bid. In particular, can I take you to page 314, which is the IBM strengths, and if we can just accept that the strengths have increased from 9 to 12 but the three new strengths are, first of all: (1) the schedule appears to be realistic based on IBM's proposed innovations. Now, that's the schedule for the go live date, is it not?
---Sorry, what point was that?

1

It's IBM, that's page 314, the very first point, "The schedule appears to be - - -?---Yes.

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- - - realistic based on IBM's proposed innovations." Now, did you understand the innovation there to refer to the awards implementation being in Workbrain?---Yes.

And that's something that you had previously discussed with IBM?---Yes.

It's something that you believed worked?---Yes.

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had you ever seen it demonstrated?---No.

Had IBM ever provided to you, outside this evaluation process, referees or references that you could check to see whether this Workbrain configuration with awards was operating and functioning in real time?---As part of the rostering team within CorpTech, it was identified that it would contain rostering award rules. The argument or the discussion within CorpTech was always whether the award rules would sit in SAP from a payment perspective, or whether they would sit within Workbrain from an hours and time calculation perspective. So my understanding was the award rules were working and would work within Workbrain, but to what extent all of them or the majority of them would work and how little configuration would be required in SAP was still to be determined. Payment still needed to come from SAP, and there was no quantum identified as to how much was actually held in Workbrain versus how much was actually held in SAP. But certainly if you took the majority of the award rules that would be configured by a programmer in SAP to the way they would be configured in Workbrain, it would suggest that it would actually be realistic from a time frame perspective. So we were shown that way before the ITO came about, but the concern was how much of the award was actually going there.

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If you look then at item 4, it says, "The IBM offer provides an innovative alternative for award configuration to accelerate the implementation effort and reduce the support effort." Again, that's talking about the Workbrain awards configuration. Ys?---That's correct.

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Would you agree with me that was your main topic of conversation when you met with IBM representatives on or about 28 July 2007?---Yes.

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And is it fair to say that when you had coffee meetings with Mr Commissioner you would discuss this particular configuration?---Yes, it would be fair to say that.

1

All right. Thank you. Do you have a recollection of seeking clarifications, or your team seeking clarifications, from IBM in relation to the Workbrain awards configuration?---Seeking clarification of anything in particular?

10

Yes. First of all, do you recall that your subteam sought referees or references where the Workbrain awards configuration was operating in businesses?---I believe we did ask for some clarification, my recollection of what we actually got I can't recall.

I've already shown you volume 30, page 1496, which is the 17 October 2007 presentation by IBM?---Yes.

20

Do you have an independent recollection of that?---Sorry, was it 17 October? No, I don't believe I seen that presentation.

Is that because you think you weren't there on 17 October?---That's my understanding, yes.

When do you think you left?---I was there for, I believe, three days.

30

That's 12th to the 15th, is it?---Yes, around that time.

Sorry, I withdraw that, I'm in the wrong month. You tell me what days you were there for the evaluation?---I believe it was around the 8th to the 12th.

When you say you have a recollection that Accenture, or the scoring change, and I've shown you how the scoring changed for your subteam, do you have any recollection of why that scoring changed?---Not really. I know that during the process we had a number of meetings with the whole team asking how we were progressing, whether we were on track.

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Who were those meetings with?---They were with the whole team, so I believe Terry Burns was leading the process and literally the whole team met in a conference room to ask how we were actually progressing.

1

Do you recall what else he said on that occasion, apart from asking how you were progressing?---Nothing specifically. These were on a daily basis. What we actually needed to have done by a particular time. I think at those times we also identified whether there were any additional requests from the offerors. I didn't see those physically go up, though.

10

Would you look at these emails, please. This is an email dated 15 October 2007 at 8.36 am from a person called Brett Tetlow, who has a SAP email address. Yes?---Yes.

Who is he?---Brett was an SAP contractor that had been working within CorpTech. I'm not sure whether he was actually at CorpTech at the time. He was doing some work at Department of Education and Training as well. I knew him like I knew Jason from my CorpTech days, and he was doing work around SAP configuration then.

20

And he says the inside call is Accenture won the prime. Now, this is before 23 October 2007, which was the final report of the evaluation panel?---Yes.

It would seem - he says:

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Not sure what the changes would be, but I could only imagine the same sort of planning and model will take place. We'll need to discuss what the plan is after these 20 days. Chat soon. Brett.

---Yes.

Now, did you receive this email?---I believe I did receive the email. I can't remember what I actually thought when I read it.

40

Well, you were on the evaluation panel itself?---Yes.

So in one sense, you would be better placed, would you not, than Brett Tetlow, who was not on the evaluation panel, to determine whether Accenture had in fact won the prime. Yes?---Yes.

But it would seem to be news that's generally consistent with Accenture being ahead at one stage, doesn't it?---It does.

50

Yes. Now, for you, there was no change of mind in relation to Workbrain and the awards implementation or working with Workbrain because you believed before you went to the evaluation panel that it would work, didn't you?---Yes.

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Yes. So can I take it - and you don't recall the 17 October 2007 presentation by IBM in relation to Workbrain?---No.

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Given that this is a moderated score of your subteam, what was it that caused you to change your opinion so that the scoring changed from Accenture being ahead to IBM being ahead?---Are you suggesting that I changed the scores, that I led the change to the scores?

10

No, I'm not suggesting for a minute - I'm just asking you what is your belief as to why the scores changed?---There were two things: one was particularly considering Education and Health were part of that group, where we were positioned to actually go live, so what the suggested go live dates were for both of us, but for me for Health; and the second thing was Accenture in their implementation management options was - they basically said that they would take the implementation lead in all the agencies that they went to. I believe IBM's was they were happy for the agencies to take whatever implementation management that they wanted and I believe that those two were two key considerations that probably led to the change.

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There's no individual scores in any of the documents I've shown you. They were all moderated scores and a score of the subteam itself. When you put your two cents in to that team, it was the case that - sorry, did you ever express your view and your belief that this Workbrain awards solution would work?---I believe I may have put that forward. I was pitching for rostering, no other agency needed rostering, and Workbrain was key to that, always had been for Health, so that was the key for me, yes.

30

Now, tell me this: do you have any recollection of being at all pressured or talked around to changing the scoring so that Accenture was no longer leading?---No, I don't believe I was.

If we just look at the second email that's in front of you, Mr Atzeni, if you look at it, it's the same time, 8.36 am and it's from you to Cathy Sparks?---Yes.

40

Now, Cathy Sparks was a solution support specialist in Queensland Health?---That's correct.

From around February 2007?---That's correct.

And what position did she hold in relation to you?---She was like my second in charge, so when I was away she would actually take the lead.

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If your view of this is that it's been automatically forwarded to her, is it?---Yes, it has been.

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All right. Now, if we look at the heading, "From Damon's Email" - or "From Damon's Mail", does that indicate anything for the IT perspective?---Only that in all my sent mails there's a month's worth that are sent literally within seconds of my received mail being sent to Cathy. They were automatically forwarded so that she could actually see it was from my email and it wasn't one of hers, it had the annexure of "From Damon's Email" associated with that as a rule within the email system.

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Did you have any one on one conversations with Mr Burns in the course of the evaluation?---In the course of the evaluation?

Yes?---Not one on ones, no.

All right. So when you spoke to him, there were always other people present?---That's my understanding, yes.

May I tender them?

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COMMISSIONER: Yes. I'll make the email from Mr Tetlow to Mr Atzeni 30A and the email to Ms Sparks 30B.

ADMITTED AND MARKED: "EXHIBIT 30A AND B"

COMMISSIONER: Yes, Mr MacSporran.

MR MACSPORRAN: Thank you, commissioner. Mr Atzeni, can I take you to one of the annexures to your statement, it's annexure page 13. Do you still have that material with you?---Yes.

30

You recall this is the briefing note, which I think is incorrectly dated 15 February 06?---Yes.

It should be 07. If you go to page 14 in respect of option 2, we see at the top of that option 2 column, the proposal for bringing QH to the front of the queue, as it were?---Yes.

40

You told Mr Flanagan that there were very sensible, logical reasons why Queensland Health should not be brought forward, that it was a complex system and it was sensible for one of you to have the other departments, smaller less complex departments used as trials, so when you came to Queensland Health, a lot of the problems would have been ironed out and you'd be ready to take on a more complex payroll, etc?---Yes.

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But in giving that response, you then qualified that by saying there were significant risks associated with that and the main risk that you dealt with was the lack of support or sufficient support for the LATTICE existing system?---That's correct.

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Now, you went through some of those; can I take you back to that for a moment. I want you to give us some more detail if you can. Firstly, you said that there was an enterprise bargaining was pending for Queensland Health?---Yes. 1

Can you tell us what impact, in your view, that was going to have on the LATTICE system, on its ability to cope with that sort of innovation?---Generally when we move into enterprise bargaining agreements, some pretty amazing award changes actually are put on the table and to actually address those award changes, the configuration of LATTICE would actually need to be changed to ensure that the employees were actually paid correctly, and they weren't simple changes, they were quite complex. The configuration within LATTICE was reasonably simple so when you put more complex arrangements in, rules in, it would fail and so it wasn't put in manually - sorry, it wasn't put into the system to create automatically, it was actually then performed as a workaround so that a manual calculation was done outside the system for every individual that that affected and so it was very complex, it wasn't able - - - 10 20

Sorry, can you tell me in respect of that, are you talking at a time after the vendor support finished?---In the current - in that - whilst it was still being supported? Even then, we were finding it difficult to actually have the configuration performed.

Did that position deteriorate again after the vendor support finished in about June 08?---We were not going to change anything within LATTICE unless it was something simple like someone's rate, that was the only thing that was being changed. Any configuration that might potentially break LATTICE permanently was avoided. 30

Now, you said that the changes had to be done manually along this - during this process. Did that involve an increasing number of staff members dealing with payroll issue under LATTICE?---Certainly any changes that actually needed to be addressed as a workaround meant that the system wasn't doing it, there were slowly growing numbers of payroll staff to actually address that but nothing extraordinary. 40

You mentioned at times and I gather from your evidence this happened quite regularly, the system would just fail? ---Yes, one system or another.

When you say "fail", can you give us some examples of that? I mean, what sort of failures were you dealing with?---When running a pay, the pay would actually - would stop and in some cases, the system would actually crash, the data that was actually entered for that day was lost or corrupted and we would have to recover from previous days' tape or a previous days' data set and any of the paperwork that was 50

actually processed on that day would physically need to be entered in before you could progress. That's one example. We used to have to re-index both LATTICE and ESP so that the databases could actually run smoothly. Other than that, they would actually run too slow to actually run a particular process., something that might take two to three hours would take double the time. Those are examples I have at the moment.

1

Was there a feeling at Queensland Health at least that it was a fortnight to fortnight proposition as to whether LATTICE would continue to perform?---Absolutely. The payroll manager at the time, Janette Jones, was - she was an emotional wreck at the end of a pay period to make sure that it had actually got through and once the pay run was actually submitted to the bank, only then could she rest but we still needed to do the reconciliation process that went in after that and sometimes that was quite difficult.

10

Now, you mentioned Janette Jones; what position did she hold?---I believe that she was the payroll and establishment manager, so she actually headed up the payroll services for the Shared Services provider.

20

She was the person that dealt with this system on a day-to-day basis?---Yes.

And would have the best idea, as it were, as to whether it was performing or not; what the complications were with it?---Yes.

30

All right. Now, you mentioned a payroll staff in a number of 4 to 5 hundred people?---Yes.

For data input purposes?---Yes.

I asked you before whether the numbers grew. Did they grow beyond those sorts of figures, four to five hundred people?---Janette Jones would be the best person to answer that. It wasn't my area but certainly those are the numbers that we believe we had when we started and she was able to identify that she needed more staff per workaround that was actually occurring in the system.

40

Now, I want to ask you something about your dealings with Accenture. Can we go to volume 3, page 7, please? You were taken to this by Mr Flanagan?---Sorry, page - - -

Page 7, volume 3. This appears to be the email from Kelly Guyer to Mr Hey?---Yes.

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And the date, I think, is 19 February 2007?---Yes.

I think you agreed this was one example of the contact - around this time that you were dealing with IBM, you were also having contact or contact was being had with

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Queensland Health staff with Accenture?---Yes. 1

Now, if you go to page 77 in the same volume, there appears to be another example between 1 March 2007?---Yes.

Can I ask you to look at that and this is an email from Mr Hubbard to Mr Hey?---Yes.

Who was Mr Hubbard?---Chris Hubbard worked within CorpTech. He was like an engagement manager within CorpTech but for Accenture. I had quite a lot of dealings with Mr Hubbard when I was working as client rep within CorpTech and he was like the go-to guy for Accenture. 10

You were asked, I think, by Mr Flanagan whether some of this contact with Accenture was in fact to do with work Accenture was then doing, existing contract work rather than these new proposals?---Mm'hm.

You said it was to do with the new work?---Yes. 20

The same as you had been talking to IBM?---Yes.

Now, you see in this email in the last paragraph, there's a reference to talking with IBM?---Yes.

Does that reflect the sort of conversations you were having - that is a reference to the same topics between IBM and Accenture and Queensland Health?---Yes. 30

Now, that is March 2007. Did that contact continue with Accenture through this period?---Yes, generally. We tried to make sure that they were involved and that they were kept abreast of what was actually going on.

You have told us because of your contact with Mr Cameron, you dealt mainly with IBM?---Yes.

Who was it from Queensland Health apart from Mr Hey that we have seen in the email here who dealt with Accenture. Do you know anyone else you can refer to?---No, I don't. 40

But there was this ongoing contact through this period?---Yes.

Can I take you to another one of your annexures, it's page 174. It's an email. You might remember this relates to 30 July 2007 email from you - from Mr Cameron to yourself?---Yes. 50

And refers to a statement by the premier, which I think you said you didn't read at the time?---No. 1

The link was sent to you - - -?---Yes.

- - - but you didn't read it. Do you see that now, the link there?---Yes.

And you see it has the letters "sdpc/reviewssi"?---Yes. 10

Does that assist you at all to recollect what the release was about, the statement by the premier?---The SDPC, I believe, actually did a review of the shared services initiative at the same time as Mr Burns, it was around the same time, and this looks like it's their review link.

Okay, now, SDPC, is that the Service Delivery and Performance Commission?---Yes.

And you recall now they did a review of the SSI?---Yes. 20

Can I assist you to say that the, as we understand it, review/report was tabled in parliament in 27 July 07? ---Yes, as documents like that would. Yes.

This email to you is dated, it seems, 30 July, would fit with that timing of things?---Yes.

Can you recall now - we haven't been able to locate the review itself - but can you remember, now, anything about the contents of that review?---Off the top of my head, no, but it's was critical of the shared services initiative, most of those reviews were at that time. It did identify, on recollection, that it was concerned at how much money had been spent within CorpTech and what they were delivering to date. 30

And some new direction had to be found to bring the program back on track or to deal with it?---Yes. 40

Can I take you the, finally, to the evaluation process? You've been taken through the background leading up to your participation on the panel?---Yes.

You can't recall, it seems definitively, now, why the scores were changed to favour IBM, but can you tell us when you approached your task on the evaluation panel did you do that honestly and with the intention of properly scoring the responses?---That's what I was put there to do, that's what we were all put there to do, and I didn't believe that as an individual I had any real power to actually sway that group. It was about what we actually read, and as you can see from the beginning Accenture certainly scored well the first time around. As for the changes, I still can't identify how they actually were, you know, made. 50

You'd acknowledge that in hindsight you can see how it could be perceived that you had a conflict?---Absolutely, yes.

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Did that occur to you at the time you were approached beyond the panel and when you undertook your work on the panel?---At the time, I was happy to do my work as requested to review the documents that have been provided and provide an honest and true reflection of what was in the offers.

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At any time during your work in this process, including the evaluation process, did you have an intention do otherwise than obtain a good outcome for Queensland Health?---That was my sole focus, was to make sure that whatever I was doing was in Queensland Health's best interests as well as the ITO process.

Thank you.

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COMMISSIONER: Mr Atzeni, when you had that meeting, I think, of 28 July, was it Mr Ferguson?---Yes.

And you spoke to some people at IBM, Mr Bloomfield, perhaps Mr Cameron, certainly, and some others. You told me, I think, that you didn't at the time realise or know that IBM was in the process of expressing interest in becoming the prime contractor for the whole of the SSS program?---That's correct.

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When you did find out that IBM was in that process, were you concerned that what you'd told them might assist them with their bid?---For the small path that we actually were talking about? No, not really, they were talking about a whole of government prime contractor. Certainly from a Queensland Health perspective it may have helped us, but from a whole of government perspective they had a lot of other things that they needed to worry about other than Queensland Health.

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No doubt, but Queensland Health, as I understand things, had the most complex of the award systems, the most challenging payroll to implement?---Yes.

Is that right?---Yes.

Did it occur to you when you found out that IBM was in the process of bidding to become the prime contractor that they might have sought that information from you and Mr Ferguson to help them?---I don't think it occurred to us at the time, we were determined to try and help Queensland Health out of the hole that we were in, and it seemed like getting Workbrain working for Queensland Health was the fastest and easiest way to do that.

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And you were prepared to help IBM along that path, were you?---In hindsight, with the information that we gave them, perhaps had actually given them that information. 1

All right. And you say it didn't occur to you at the time? ---No.

Yes, Mr Doyle.

MR DOYLE: Mr Atzeni, you'll need your statement for the purposes of my questions. If we could revisit the question of LATTICE?---Yes? 10

And I want to have a better understanding of, firstly, the problems in terms of the workarounds that you were speaking of a moment ago to Mr MacSporran. Can you explain what process you were talking about and what was involved in a workaround?---So with a workaround we would identify, for instance, a medical officer would receive time and a half in overtime after working a certain number of hours after their shift, and then move into a double time arrangement after a number of, let's say, for instance, the first two hours, the following hours would then move into double time. If there were particular meal breaks or particular meal allowances that occurred after a certain period of time, that would need to be addressed in the system. Now, you're talking about an if/and/then/but statement, and LATTICE didn't seem to have that capability to progress that. So the staff who were actually processing that would look through how much overtime a particular medical officer did, and we had 7000 to 8000 of those medical officers. They would need to know the award, identify how much overtime that individual worked, break it down and then make sure that they actually picked up the meal allowance. So that was a workaround, and that would be performed for those 8000 people each fortnight. 20 30

COMMISSIONER: When you say "workaround", do you mean someone manually would make the - using a machine no doubt - but make the calculation and then put the result of the calculation into the system?---That's correct. And they'd have to do it manually, so it was fraught with human error, but with the numbers and the timings that they were expected to do that, the pressure was on at the end of the fortnight. Doctors typically didn't hand in their paperwork until the last minute, and there was a rush on to make sure that those pays were processed. 40

MR DOYLE: Well, I may have misunderstood, but that sounds like a systemic limitation, if you like, of LATTICE, even assuming it's working really well and being supported? ---Yes, that's correct. 50

Is that right?---That's correct.

And would it be fair to say that what you're describing is an inherent lack of sophistication within that system to deal with these variables?---It was an old system, yes.

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All right. Now, apart from that was there some issue - there's two other things I want to ask you about and we'll try to differentiate them. One is that it is an old system, and was there any failure in the sense attributed to its age, and then, secondly, was there a concern about whatever its state

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might be the withdrawal of vendor support?---Yes, well, I mean, we only had, to my recollection, and it was a discussion point that there were only a very small number of people within, then, Talent2 who could actually support the product and it was a dead end job. Effectively, after LATTICE left there was no more work in that space, so retaining those individuals was the first part of the problem. Vendor support wise, we knew that we had the enterprise bargaining agreements coming up, and they came out with all sorts of changes to the awards, and, you know, that meal allowance is just - that's a simple one, there were a number that actually came up in the awards after the enterprise bargaining agreement was agreed, that there's no way that we would have been able to configure within LATTICE.

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Right. Well, perhaps you're assuming something. If there's a change to the enterprise bargaining, do you need to have some input from Talent2 to reconfigure LATTICE to deal with?---In a lot of cases, yes.

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Right?---In some cases it was just a rate change.

But if there was a change of substance other than the dollars - - -?---Yes.

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- - - like time or condition - - -?---Yes.

- - - you'd need the supplier to assist you in configuring or reconfiguring LATTICE to accommodate it, if it could?---Yes, that's correct.

Is that right?---Yes.

All right. Now, I'd like to have some idea, if you can give it, of the cost involved in the workarounds first, if you can't, just say so, for the effort involved, I guess? ---I believe that there were around 200, 200 plus workarounds at the time we went live with SAP and Workbrain in the LATTICE system. In fact, there was some teams that were set up just to do workarounds. As for the number and dollar value that were actually being performed each fortnight, I couldn't quantify that.

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I may have misheard you or misunderstood you. At the time when you were using LATTICE, there was a process by which you had to work around to identify the what if, but if et cetera?---Yes.

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And what effort was involved, as in what numbers of people over what time was involved in doing those workarounds? ---Everybody would - because they were working within LATTICE, everyone would have to follow those workarounds consistently, so - - -

COMMISSIONER: I think Mr Doyle's asking how many people were involved in doing the workarounds?---Everybody. 500 people, all payroll staff were involved in doing that.

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MR DOYLE: Right. So is that 500 people within the payroll staff of Queensland Health central or is that throughout the state?---Throughout the state.

Right. So in various places throughout the state, people are doing these workarounds - - -?---Yes.

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- - - for whomever. And how did they then deal with actually advising someone what had to be paid?---They would put that directly into the system.

A manual entry?---Yes.

And was that - I think you mentioned it, was that attended with some inaccuracies from - - -?---Yes. 1

- - - time to time? Did you keep a track - that is, did Queensland Health keep a track of the level of underpayments, overpayments or nonpayments?---That wasn't quantifiable with the system. We - in some cases, you would manually calculate the whole pay outside of the system and use a process that we called Code Value Add, which was literally put in a figure and it would create a payment for that amount, so they're, in some cases, other than a timesheet with manual handwritten notes on it, that was the only record that we have of what people were actually getting paid. 10

So was it not possible to work out either a representative figure or a dollar figure of the inaccuracies in payment under the LATTICE system?---I believe the figure that we have is 27 million that was identified in overpayments from the LATTICE system and I'm not sure what period that actually stretched out over but for - to quantify the workarounds, no, I couldn't do that. 20

Okay. Now, I want to have an understanding, please, of who - I'll withdraw that. CorpTech had been involved in the overall management of the SSI roll-out or the SSI development since at least 2003. That's right, isn't it? ---Yes.

And at some stage Accenture became involved in the development of the SAP HR solution?---Yes. 30

And quite possibly as early as 2003. The date doesn't really matter for these purposes?---Mm'hm.

I just want to understand the process that's followed. In order to develop an HR solution, is it necessary to gain some understanding of the functional requirements and the dimension of the functional requirements of the various departments and agencies who are ultimately to have it rolled out to them?---Yes, that would be expected. 40

And is that something which was involved in the development phase?

COMMISSIONER: Or planning?---Certainly the planning phase but you'd need to have a strong knowledge in the development phase as well, yes.

All right. Now, are you able to help us, please, do you know whether there were papers provided to them or discussions held with Accenture representatives in order to assist them in the role they were playing in the development of the SAP HR system to be developed for the whole of government?---They would have already had that 50

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information because they were already part of CorpTech, so they would have been part of that - they would have had all that information and been through all those discussions as part of their role within CorpTech.

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And do you know if they - if they were aware, in other words, of the requirements that Queensland Health had, do you know if that's so?---Yes, along with all the other departments.

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Right. And that would include them knowing what your functional requirements were?---Yes.

And what you perceived to be the limitations of your existing system?---Yes.

You have no doubt about that?---I worked within the rostering team which Accenture was leading and I almost lived there when I was part of the client rep position at CorpTech, and we discussed the limitations of ESP rostering at the time and how we would actually build or like to build Workbrain to meet our requirements.

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Do you recall when that discussion was?---It - - -

If there's more than one?---Yes. It happened - it was a constant discussion and culminated in the Workbrain blueprint that was provided prior to the ITO but prior to my leaving CorpTech and coming back to Queensland Health, so before 2007.

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Right. Before early 2007?---Yes.

And who was the person or who were the people within Accenture that you were having these discussions with?---So Marianne McCarthy led the Workbrain team. I believe we did have some initial discussions with Chris Hubbard because he was part of, you know, popping in to see how the teams were going and he would often come to the client reps and ask how we were - you know, what we thought of Workbrain, how it was actually progressing. Everyday we discussed with them what was going on within rostering.

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I want to broaden that slightly. Did you have discussions with them about the functional limitations of your LATTICE system and the kinds of problems you've been describing to me?---We discussed the ESP product, not necessarily the LATTICE product. LATTICE came into it when we were looking at, well, how would that actually be - how would that rule be configured in lattice and how would we configure it in Workbrain going forward, you know, simple rules as in rostering rules, but we didn't discuss LATTICE, generally rostering.

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In the course of these discussions - we'll come to the detail if we need to - did they ask for information about what was going on in Queensland Health and did you provide it?---Anecdotally, you'd say, "Oh, we'd had a bad day," or, "bad pay period," but that would filter through CorpTech anyway because they were in charge of those.

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So it's my inaccurate question. In relation to things that you were talking to them about, about rostering at EDS or how that would configure and so on, did they ask you to tell them some things about what your functional requirements were and did you tell them?---Yes.

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Was that the whole point of the discussion?---Yes.

And was that to enable them to decide what your needs were for the system that they were going to develop?---Yes.

Are you able to help us, please, whether you were aware of similar information being provided to Accenture in relation to the requirements, the functional requirements of the other agencies and departments?---As I said before, they had those functional requirements and had been through impact assessment workshops with the work that they'd already done on the systems to date. They had run a number of workshops depending on the area within HR that they were looking at, so whether it was learning and development, payroll, organisational management and rostering, they'd run a number of workshops to actually confirm what the functional requirements were. There were, of course, standard payroll and organisational management processes that they would have to do but, you know, they generally got agreement from across the agencies that was the case.

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All right. Now, I might just get you to clarify something about Workbrain. You say in your statement, which you may please go to. Paragraph 6. "As the project developed, software systems were selected for these purposes, such as SAP and Workbrain, but I played no part in the selection of those materials"?---Yes.

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Can you recall when it was SAP and Workbrain were selected?
---In - - -

Or if not when, at least by when?---I believe that the documentation was signed off by November 2005.

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All right, thank you. At that stage, would it be right to say it was contemplated Workbrain would be used for rostering purposes?---Yes. 1

And to achieve that function, it would need to be able to exchange data with the SAP HR system?---Yes.

And vice versa?---Yes.

All right, thank you. 10

Now, Mr Cameron was invited by you to come and take a desk at Queensland Health?---Yes.

Is it right - can I approach it this way; one of the things, if the Shared program is to be implemented, one thing that the customers would require, that is the departments and the end users would require, is assistance in changing their own management and functions to get ready to receive that and to deal with it?---That's correct. 20

Is it right to describe that as change management? Have you heard that expression or not?---Yes.

And it's to look at, in your case, Queensland Health requirements particularly to see how they need to be adapted or modified or improved - - -?---Yes.

- - - to receive the benefits from the Shared roll-outs when it occurs?---Yes. 30

And also, this is at least theoretically possible, the Shared roll-out would provide a baseline of functionality, and there may be agency-specific requirements that need to be added on to it?---Yes.

Would it be right to say as well that the agency, Queensland Health in your case, would need to be able to identify what those additional things that it needed were? ---Yes. 40

To do that, you would need to be able to identify what is in the baseline, in a sense?---That's correct.

So the things which the customer needs to do is to both prepare its own systems to received the Shared roll-out but also to have an understanding of what is to be rolled out so it can identify its additional specific requirements? ---Yes. 50

Is it right to say that one of the things that you had in mind for Mr Cameron to do when you invited him to come to Queensland Health was to assist you with those two things?---Absolutely.

Would you go, please to volume 27. Whilst I have asked you to go to that, I will ask you to put it aside for the minute. Can you go to your statement, please, to exhibit 13 at page 46? 1

THE COMMISSIONER: What page?

MR DOYLE: 46, please.

You were taken to this by Mr Flanagan?---Yes. 10

But you will see it's a list of what are described as requirements Health needs to ensure Workbrain meets our business needs and time imperatives, and you have provided it to Mr Foley at CorpTech?---Yes.

And to Mr Cameron and some other people within - sorry, I put that bad; to Mr Foley at CorpTech, to Mr Cameron and IBM and to a number of other people within Health?---Yes. 20

Now, why did you to give it to Mr Foley?---I don't believe that he had actually received it. He was our implementation lead from CorpTech. Everybody was assigned - every agency was assigned a lead and he was our lead. I didn't believe he had actually received that as that information had gone directly to Mr Hubbard first. 20

Right. Now, I will get you to explain to me, please - you already have, Mr Hubbard is an Accenture employee?---Yes. 30

Does he have a Canadian accent by any chance?---Yes, he does.

Thank you. He was the Accenture man in charge of what, or dealing with what as far as you were concerned? ---Engagement and making sure that I guess our needs were being met. Like I said, he was the go-to guy.

Right. Was it part of his - you might not be able to answer this - did you perceive that part of his role was to identify what it is that Queensland Health needed as its functional requirements?---Yes. 40

And in part at least in answering that, have you provided this list to him?---Yes. That's one of the reasons why it went to them, could they actually meet our requirements based around our date imperative of - I believe it was March 2008.

All right. Now, in Mr Cameron fulfilling the two functions that we talked about a moment ago, that is to assist you in change management or in identifying agency-specific needs, would the provision of this list be of help to him? ---Certainly when you start to look at the time lines and what he was going to be saying from a planning perspective, yes, this would actually help him. 50

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How long he has got to do these things?---Exactly.

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All right.

THE COMMISSIONER: Can you just explain to me, if Accenture at this stage has been contracted to CorpTech to introduce the HR - part of the solution (indistinct) including Health, what was IBM's contract to do at this stage?---Within CorpTech?

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Yes. Well, with respect to the Shared Services Solution? ---Again, IBM were the consortium owner so all the products other than SAP were - - -

Yes, they had licenses to govern out of that 2005 contract? ---Yes, and I believe that the role within - that IBM held was to provide resources to support those products.

Technical advice to Accenture and CorpTech?---Yes, yes.

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Thank you.

MR DOYLE: We might just dwell on at least part of that. Accenture at this time was probably - was it actually in the course of rolling out to Housing?

THE COMMISSIONER: This was March of 07?---Yes, it was.

MR DOYLE: Around about this time?---Yes.

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And then in terms of the balance of the Shared Services activities, it was in the development phase, can I put it that way?---Yes.

All right. Implementation as far as you were concerned was a couple of years away?---Yes.

Although you didn't like that notion, but we will come to that?---No.

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Thank you. I was asking you whether this information would be of assistance to Mr Cameron in performing those functions that we talked about?---Yes.

If you just go to the email, it says, "Please see attached the list of requirements Health needs to ensure Workbrain meets our business needs and time imperatives." The business needs you were talking about there are the functional requirements of Queensland Health plus a time line. Is that right?---Yes.

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Okay, thank you. Now, would you go to volume 27, page 8. I'm sorry, page 5 is what I meant. Now, you were taken to this document by Mr Flanagan. Can you tell me first whether the version that you have is coloured?---No, it's not.

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Can I ask whether yours, Mr Commissioner - - -?---No, mine is (indistinct) I'm afraid. **1**

We're going to brighten everyone's life, if I may. Can I hand up coloured copies?

THE COMMISSIONER: Is there some point to this apart from showing us IBM's - - -

MR DOYLE: We think there is but that remains to be seen, of course. **10**

THE COMMISSIONER: I only ask because I've obviously marked some parts of my document. Thank you.

MR DOYLE: I'm not suggesting it be substituted.

Now, you were taken to this. I know this is a document that you have not seen before today?---No. **20**

And the first thing, if you go to page 2 of the document I have just given you is that it's - at least professes to respond to a request from Geoff Waite. Do you see that? ---Yes.

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And I take it you were not aware of what that request was or its contents?---No. 1

Okay. We saw a moment ago Mr MacSporran showed you an email where someone from Accentuate had sent an email which referred to Mr Waite - - -?---Yes.

- - - having spoken to them about something?---Yes.

Do you recall that?---Yes. 10

About the same time?---Yes, that was to - I believe that as to Mr Hay.

Well, I might show you the document. Volume 3, please?
---Do we still need volume 27?

You don't need that anymore, I'm sorry, you can use the one I've handed you. So if you go to volume 3, page 77. Do you have that?---Yes. 20

This is an email from Chris Hubbard to Accenture to Nigel Hay referring to a phone call. You weren't a party to that phone call?---No.

"I'd like to give you an update on the discussions we've had with Geoff Waite. We've had a number of very good conversations with Geoff on our approach to successfully meeting the health go live date." Were you informed by Mr Hay of the terms of this email or its contents?---No, not generally to my recollection, I don't believe that I was. 30

All right. Nevermind. You can put that aside now, please. You were asked in respect of the IBM proposed concept document, what the reference to "due to recent changes in the SSS program" might have been a reference to. Now, you'll recall that you give us in your own statement a letter which was sent from someone very senior in your department to Mr Bradley on 26 February?---Yes. 40

Do you recall if there was any response to that, that you became aware of, any feedback as to what was to happen as a result of that letter?---My understanding was that there was a email from Mr Kalimnios to Paul Monahan, who was the executive director of the shared services part, and to Nigel Hay, identifying that we've been knocked back to progress forward.

You became aware, weren't you, that CorpTech had been told to have a look and see what could be done differently to improve the roll-out of SSI?---Yes, that was my understanding, that they were looking to try and speed things up or make some progress. 50

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All right. Back to this document, the one that I've handed you. It was, in effect, put to you that the concept model which was being advanced by IBM in this document was one by which it was to become responsible for the development and roll-out of the whole of the shared services program for Queensland Health. Do you recall that?---Yes. 1

And I think in fact you may have agreed to it, but I just want to take you to some parts here so you can reflect on that. Go to page 5, you'll see the heading "Conceptual Model", and that little figure which I think our friends took you to of the three-way partnership between CorpTech, Accenture and IBM?---Yes. 10

The colours of which apparently are significant?---Yes.

There was a chart which adopts colours to identify what's to be done by Queensland government, which is green. Do you see that?---Yes. 20

What's to be done by IBM, which is blue?---Yes.

What's to be done by Accenture is red, and grey is nobody apparently?---That's a worry.

Then you look at the project management group, and underneath that heading is four boxes, one of which is Saba. Do you see that?---Yes.

RASP - - -?---Yes. 30

- - - which is recruit, isn't it?---Yes.

And WB is Workbrain?---Yes.

In each of those IBM is shown as having a role in the development of those things, and that was your understanding?---Yes.

And in respect of SAP, it is entirely Accenture and the government having a role in its development, and that was your understanding?---Yes. 40

And this document doesn't, at least so far, identify any change to that?---No.

And then you'll see separately there's a column on the right which has got three colours, blue, green and red, identified as IR. Do you know what that is?---No. 50

All right. I'll help you. If you turn the page, the third dot point refers to implementation roll-out?---Yes.

Go back to the page, please, and read the first two dot points under "Key Features". I want you to read them

because I want to suggest to you they show there is a distinction between development and something different called "integration", and it's only the integration that - - -?---Implementation. 1

Implementation, I'm sorry, that IBM is proposing that it have the role in?---Yes, that makes sense.

All right. Thank you. If you turn to the next page, you'll see under the heading "Queensland Health" about three paragraphs down, "Figure 3 shows below our proposed conceptual model to assist QH"?---Yes. 10

And if you turn the page, you'll see that - you want to look at figure 3 - none of it's concerned with the development of the software.

COMMISSIONER: Mr Doyle, what page are you on?

MR DOYLE: Page 8, I'm sorry, figure 3. Page 8 of the coloured version. 20

COMMISSIONER: Yes, I've got that, thank you.

MR DOYLE: You'll see that it's all to do with the implementation rather than the development of the software. That's so, isn't it?---Yes.

Thank you. Now, at the top of that page our friends took you to the first dot point, which said that, "The proposal was that IBM take the role of HR and finance implementation manager." Now, with what I just asked you to agree that means, and then it says that, "QH have already asked IBM to fill this role." Now, that, you would say, is an overstatement of the position?---Yes. 30

What in fact you'd done is ask Mr Cameron to assist you with those two functions that we talked about a while ago? ---Looking at them, yes. 40

Looking at them, that is, to help you in some way identify what change management you needed to receive the shared services system and to help you identify some agency specific requirements. You wouldn't describe that as anywhere near you were having asked them to fulfill the role of implementation manager?---No.

Okay. Thank you. I would seek to have that document tendered, if I may. 50

COMMISSIONER: Yes. Well, I wonder if we shouldn't just insert it into the bundle in place of what's there.

MR DOYLE: I'm content with that, obviously.

COMMISSIONER: All right. We'll do that at our leisure, but I'll substitute this for the pages presently in 27 of exhibit 4.

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MR DOYLE: Thank you. Now, in the course of taking you through that document as well, there was a reference to a trust and a relationship. Do you recall that?---Yes.

You had faith, would it be right to say, in Mr Cameron's ability?---Yes.

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And over what period had you observed him performing? ---Since he had started at CorpTech. I had actually gone to Mr Cameron on a number of occasions to actually ask about functionality, so I would say at least two years.

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So he had been working at CorpTech for two years?---Yes, that's my understanding. 1

And you know, don't you, that he'd been working at CorpTech, supervising Accenture contractors and personnel - - -?---Yes.

- - - in performing whatever it is that they had to perform?---Yes. 10

And your observation he was doing so at least successfully for two years?---Yes.

Were there other IBM employees at Queensland Health around about the time of this, that is March or February 2007?---I think I stated that I thought there were an additional two. And those two, I believe, were Kate Hillman and Sarah Simpson. Again, the times of when they were there and when they weren't, I'm not quite sure. 20

Do you recall what they were doing?---They were doing change management. 20

Right. The first of those functions that I - - -?---Yes.

- - - talked to you about before?---Yes.

The second, that is identifying agency specific activities? ---Yes. 30

So they were doing - they were helping with both of those things, were they?---Yes.

All right. Are you familiar with the expression or something like "impact assessment workshops"?---Yes.

And has Queensland Health conducted - did you conduct them in 2007?---Yes, we did.

And what are they for?---So they identify what the system would actually do and then what impacts that would actually have on the business, change impacts, the - I guess the way we worked, whether the functions actually met our requirements, so it - to a degree, they were a demonstration of capability and functionality. 40

Right. In March or February, early 2007, were you conducting those kinds of workshops within Queensland Health to identify the - what you were going to be getting, the impact it would have on your systems and what you had to do to prepare yourself for that?---Some of those had been conducted or were being conducted, yes. 50

Right. So there may have been some in 2006?---Yes.

And were the IBM employees we've mentioned involved in that, if you can recall?---I believe they may have been. If they were there at the time, we certainly would have encouraged them to participate. I can't recall specifically whether they were there or not.

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Who else attends them and forget the IBM employees?---So people who are in charge of those areas, so our payroll staff, recruitment staff, Saba, so learning and development. Within the QHEST team, we had functional experts or people that we identified as functional and business experts, and they certainly would have gone and taken notes, highlighted any deficiencies.

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Right. Deficiencies, having regard to what you were expecting to receive as part of the Shared roll-out, is it?---Yes.

Thank you. Also in March 2007, you received from Mr Cameron an estimate of the cost, which were about \$19 million, I think, was the figure - - -?---Yes.

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- - - for doing something?---Yes.

You were shown that this morning?---Yes.

I'll actually ask that you look at it again; it's in volume 3, page 69. You should have an email dated 16 March - - -?---Yes.

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- - - 2007?---Yes.

From Mr Cameron to Mr Hey and copied to you?---It's to me as well but - - -

Okay, to both of you?---Yes.

And copied to Mr Bloomfield, you're quite right. Attaching that estimate with what is the assumptions they've identified?---Yes.

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If we turn back to the email, though, it says, "Please find attached development estimates and related assumptions required to support a QH funding request"?---Yes.

Now, did you ask Mr Cameron to do that?---I personally didn't, no.

Do you believe Mr Hey asked him to do that?---Yes, I do.

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Do you know what the QH funding request being referred to is?---Certainly identifying if we were going to move forward with implementing any of this detail ourselves, either on our own or with CorpTech, or any other partner.

COMMISSIONER: There was a budget, wasn't there, here between CorpTech and Queensland Health in this case for the development of the implementation of the Shared Services Solution?---Everybody put into a pot from the agencies off the top of their budgets so the Shared Services - - -

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Yes, I understand that. This is something in addition to that, is it?---The agencies were still expected to actually fund their part and any additions to - so that - I think it's been described that there was the core and then there was the, if you like, supplemental functionality and if you wanted supplemental functionality you still needed to pay for that separately.

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Is that what this is?---Yes, in part.

What's the other part?---At 16 March, it would have been an interesting time for estimates, so we would actually be looking at putting together funding requests to go up for the budget.

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MR DOYLE: It's right to say, isn't it, that - and you've given us some minutes of these in your statement, but one of the options that Queensland Health was looking at was a go it alone option?---Yes.

Now, that involved, if it had been pursued, you undertaking more of the development of the system that you wanted to have implemented than merely waiting for it to be supplied from CorpTech?---That's correct.

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And it's right to say that this email is directed to or is responding to a request for an idea of the kind of costs that would be involved for doing at least some part of the development of that IT?---Yes.

With all of the assumptions that are expressed?---Yes.

And is it your recollection - - -

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COMMISSIONER: Can I clarify: is that a project outside the Shared Service Initiative?---Yes, but it would be - when we were looking at going alone, I think I mentioned I my statement before that we didn't - we weren't rejecting the whole of government solution, we were simply trying to progress it faster to meet our requirements, so we would eventually bring that back into the whole of government folder, if you like, and have it the same as everybody else within government. We wanted to stay on that path; we were committed to that, heavily committed to that financially.

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I take it that if the government hadn't decided upon that Shared Service Initiative in 2002, 2003, Queensland Health would have made its own arrangements about the placing of the LATTICE system. Is that right?---Yes.

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You put that on hold because of the Shared Service Initiative?---We had expected that we would have received our upgrade or our new system by the time that we actually went live; by the time we went live, we would have been able to cover the end support with LATTICE, but as the progress had slowed to only delivering Housing, we had significant concerns that we weren't going to deliver in time.

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Yes, thank you.

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MR DOYLE: Thank you. So am I understanding it correctly, given that one of the options that you were talking about was at least for the moment going it alone - - -?---Yes.

- - - did you understand that it was necessary to get some idea of what that would cost if you did it?---Yes.

And this is what this is a response to?---Yes. We had no other place of getting that.

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Thank you. Now, whilst we're in that volume, I'll take you, if we need to, to the same page that Mr MacSporran took you to, first to number 7, you'll see - that's page 7, I'm sorry, which is recording a meeting or an appointment for a meeting in Mr Hey's office attended by Mr Porter and Mr Hubbard?---Yes.

Can you help us, please, what the meeting was about or not? ---I don't believe that I actually attended that meeting.

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Mr Porter was whom?---At that time, I believe he was a partner within Accenture.

So quite a senior man within Accenture?---Yes.

And Mr Hubbard was - - -?---Engagement officer that was working within CorpTech and I guess our communication line through to Mr Porter.

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And did Mr Hubbard only work from the CorpTech offices or did he come to Queensland Health?---No, he only worked from the CorpTech offices.

All right. Thank you. Was there also someone called Paul Miles?---Yes. Paul Miles was an Accenture SAP expert. Again, had worked with him at CorpTech and I thought that his SAP knowledge was quite extensive.

And was he working in any way in relation to the Queensland Health, if you like?---Not to my knowledge.

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Okay. Were there any Accenture personnel working at Queensland Health in QHEST or in any other IT-related activity?---I don't believe so.

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Thank you. Now, that meeting which we've looked at just then, there's another one that I took you to a moment ago which referred to Mr Waite - - -?---Yes.

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- - - if you recall that, but what is the best you can recall

your recollection of the frequency with which you would have discussions with Accenture representative concerning things relevant to Queensland Health's IT issues in the first three months of 2007?---That I personally or that - - -

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I'm going to ask you personally and then what you know is occurring, so give it to me in one bundle, if you wish?---I believe I attended one meeting. I wasn't there for very long. I was actually - it was more a meet and greet. And I would say maybe there were two other meetings during that time with Accenture. Again, they were meetings in different capacities, not specifically with Accenture but Accenture roles within CorpTech and in some cases I was meeting with them quite a lot but it was still with the whole of government roll-out focus.

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But you were meeting them in order that they could ask you things about your interests, Queensland Health?---Yes.

Well, how often would you have such a discussion with them? I know it's hard. In the first three months, just looking at up to the end of April 2007?---I'd be guessing four or five. There were functional meetings, there were technical meetings that we were drawn into. I'd be guessing, I'm sorry.

30

All right. Never mind. Thank you. Now, you've seen today work - I'm sorry, I think you've told us about in your statement, a Workforce Edge document - - -?---Yes.

- - - that you provided to Mr Cameron?---Yes.

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You recall that?---Yes.

It's dated April 2007?---Yes.

We'll go to it if we need to but it's concerned with Workbrain, isn't it?---Yes.

Can you tell me, please, in the performance by him of the functions that we talked about before, the change management functions or identifying agency specific needs, would he need to know what it is was set out in that Workforce Edge document or would it assist him to know what was set out in that document?---Yes, it would assist him.

50

Can you explain in what way? And if you need to have the document to do so, I'll get it shown to you?---Yes, if I could have the document, that would be great. 1

If you go to your exhibits to your statement, to page 62? ---So effectively this document identified what the current state was with ESP and then how the functionality of Workbrain would fit into what was known to occur within ESP, what additional functionality there was, but also what limitations there were within Workbrain and what we would need to keep an eye on to have included as part of our Workbrain delivery. 10

All right. So if someone is fulfilling the function of identifying change management, what is necessary for Queensland Health to get ready to receive - - -?---Yes.

- - - and assume for the moment Workbrain is part of what you're going to receive at least for rostering, would that person need to know what your present functionality is and what Workbrain - how it compares to Workbrain?---I would think so, yes. 20

All right. And similarly, is it necessary to fulfill the second function we've talked about, the identification of your particular requirements to know what Workbrain doesn't do - - -?---Yes.

- - - or whether it does do those things?---Yes. 30

Thank you. And can you recall if that's why you sent this document to her?---That was originally the intention, yes.

Thank you. You also had - you were asked about, in effect, how it came about that there was an acceleration of the Queensland Health program. Do you recall that? You were asked that?---Yes.

I'll tell you, you were asked that. And in the course of it, you were asked - I think it was said to you that Mr Burns had done a review at the end of May?---Yes. 40

Did you read that review at all?---I can't recall the detail of it. I may have sighted it and I know others who had actually read it and had given the anecdotal bits of it but I can't be - I can't say for sure that I've actually read the document.

All right. I'm going to show it to you?---Okay. 50

Could you go to volume 1, please, and turn please to page 182. Do you have that?---Yes.

Right. That's the front page, is it? If you turn to page 186, there's a description of the assignment process.

I'm not suggesting any of that will refresh your memory, but if you turn in the next page, you'll see it starts by summarising - I won't do that. It starts by saying:

A short and focused review of the program was commissioned in early April 2007 and a high level report was presented on 18 April 2007. This report highlighted certain problem areas with the operation of the program and recommended certain urgent remedial actions.

Now, were you aware of that earlier review or report?---No.

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Then it's got a summary of the recommendations from that report, and the first of which is that Queensland Health should not be brought forward. Were you aware of that having been the subject of a report in the middle of April?---I don't believe that I was aware of it. Now that I'm told that we weren't brought forward for this particular reason, I'm certainly aware of it now.

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Okay. Then that seems to be the summary of someone else's work, then on page 188 there's an executive summary of phase two, which is Mr Burns' report. Do you see that? ---Yes.

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Of his findings and recommendations. Could you turn, please, to page 192, and you'll see halfway down the page, "The terms of reference of the program of works to re-examine all the base assumptions and drivers." Do you see that?---Yes.

Just read the last dot point, "Consider the options to isolate current LATTICE, Orion and other critical Legacy applications." Does that ring any bells for you, that there was that suggestion?---No.

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If you turn the page, 193, the major recommendations under the heading Immediate, do you see - - -?---Yes.

If you could just read 8 and 9 to yourself? I take it that doesn't ring any bells?---No.

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And then page 195, Key Risks. Read number 3 and 4 to yourself. You'd certainly agree with those things?---Yes, definitely.

They are, as you would describe them, "key and the critical risks" - - -?---Yes.

- - - as you knew them to be?---Yes.

And if you turn to the next page, item number 6, it records what you knew to be the truth?---That's correct.

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All right. Now, just for completeness, if you turn to page 198 - you've got to turn it sideways - the schedule as it was before Mr Burns' report was carried out shows Queensland Health, doesn't it, being rolled out, for something at least, in release 8?---Yes.

And, I mean, you certainly knew that you were down the list, I take it?---Yes.

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And that was the subject of your concerns and desire to have it accelerated up the list?---That's correct.

All right. Thank you. Firstly, does that assist you remembering reading this report?---I've never seen this report before. 1

Is it consistent with the second-hand information you were given back then as to - - -?---Bits and pieces of it, yes.

- - - the identification of the risk and the need to do something immediately - - -?---Yes. 10

- - - about those things? Is that a convenient time?

COMMISSIONER: Yes. Mr Atzeni, I'm looking at figure 3, page 198, HR is obviously human resources, F is obviously finance. What's J, do you know?

MR DOYLE: I'm sorry?

COMMISSIONER: What do you think it is? 20

MR DOYLE: We think finance is F, HR is HR, and J is joint.

COMMISSIONER: Is - - -

MR DOYLE: Joint.

COMMISSIONER: Joint? 30

MR DOYLE: Two of them.

COMMISSIONER: Both in that?

MR DOYLE: Both.

COMMISSIONER: Yes. All right. Thank you.

WITNESS WITHDREW 40

THE COMMISSION ADJOURNED AT 4.31 PM UNTIL
FRIDAY, 22 MARCH 2013

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