



## SPARK AND CANNON

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

MR P. FLANAGAN SC, Counsel Assisting  
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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 9/04/2013

Continued from 8/04/13

DAY 12

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

THE COMMISSION COMMENCED AT 10.07 AM

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MR FLANAGAN: Thank you, Mr Commissioner. Mr Bloomfield, yesterday we left off at volume 3-2 at page 424. If I could ask you to take that document up again?

COMMISSIONER: Sorry, what page?

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MR FLANAGAN: Page 424?---Yes.

Yesterday we concluded with me bring to your attention the words, "My plan has always been to influence the SDA as soon as we get engaged in the PMO, hopefully we will know the outcome of this tomorrow." That information that you would know the outcome of, the PMO tender, that came from Mr Burns, didn't it?---Correct.

And you actually found out about the PMO result the following day where you were informed that IBM had not been successful in relation to the PMO?---That's right.

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I asked you some questions yesterday, whether you knew whether SMS was successful in obtaining that work. Do you have any personal knowledge of that?---No, I don't.

Do you have any personal knowledge of who was on the evaluation panel for Queensland Treasury in relation to the PMO?---No, none at all.

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Do you have any personal knowledge of whether Mr Burns was involved in selecting the PMO?---No.

In any event, you do know, don't you, that events overtook the appointment of a PMO as soon after this meeting with Mr Burns on 28 June 2007. Yes?---It would appear so.

And you actually refer in your statement, at paragraph 65, to a game changer occurring on 2 July 2007, when a request, if you like, for information on a high level is sought from a number of entities which included IBM, Accenture, Logica and SAP. Yes?---Correct, referred to as the supply briefing.

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In terms of the timing of that game changer, which is 2 July 2007, this is a one-on-one meeting, and when I say "one-on-one meeting", I mean three representatives of IBM, including yourself, meeting with Mr Burns. Yes?---Correct.

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Do you have a recollection of where this meeting took place?---I can't recall it directly. It would have been in his office.

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All right. And I take it that apart from what's in this email you don't have any further notes of the content of the meeting with Mr Burns on this occasion?---No, I don't.

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Now, I was asking you yesterday about you growing or influencing the SDA as soon as we get engaged in the PMO, but it was your intention to influence the SDA as at 28 June 2007, wasn't it?---Correct. Positively influence, what was being done there. Correct.

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All right. Well, we'll call it a positive influence then, but that influence was going to be exercised through the head of the SDA, Mr Burns. Yes?---No, not necessarily.

Well, who through?---The members of the SDA.

Who were they?---At the time, I can't recall, but there was Brent Matthews, for example. I can't remember all but there were about four or five of them,

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You appreciate at the time that Mr Burns had been empowered in that position, hadn't you?---Correct.

Yes, so you knew that he was in a decision-making position. Yes?---He was in a position to steer it and make sure it was functioning correctly.

And you were one of the people that Mr Burns told that he had a direct line to the under-treasurer, Mr Bradley, didn't he?---I don't recall that but he may have.

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Well, you knew it at the time, that Mr Burns had a direct line to the under-treasurer, Mr Bradley, didn't you?---Like I said, I don't recall, but he may have said that to him. I don't recall.

I'm not asking if you recall a actual conversation, I'm asking you: at the time of this meeting you knew that Mr Burns had a directly line to Mr Bradley, didn't you? ---I'm not sure that I did.

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Well, he's giving you information in this email that could only come from Mr Bradley. Yes?---Correct, but whether or not that would constitute a direct line, that could have come through Barbara Perrott, could have come through David Ford, it doesn't necessarily mean it's a direct line.

You appreciated that in his position as head of the Solution Design Authority, the SDA, Mr Burns was empowered to drive the process of the SDA?---Correct.

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Thank you. Now, it's with that knowledge that you meet with him and two other representatives of IBM on 28/6/2007. If we go back to paragraph 3 then, you say, "However, Terry has already spotted that the SDA is struggling for fresh

ideas. Nothing Accenture or SAP has provided thus far has been new, hence increasing his level of frustration"?  
---Yes. 1

What was his level of frustration that Mr Burns was expressing to you and the other IBM representatives as at 28 June 2007?---Quite high-level frustration.

Do you have an independent recollection of what he said in expressing that level of frustration?---No, I don't. 10

What did he say about the ideas being put forward by Accenture and SAP because he already had received presentations from them, as we've discussed, what did he say about those ideas that he had received from Accenture and SAP?---I don't recall anything more than what's in this email, which is that he wasn't impressed with them.

You don't have any independent recollection of this meeting at all?---No, it is a long time ago. 20

It comes just before what you describe as a "change in approach" from CorpTech, doesn't it?---It does, which that change of approach was apparent three or four or five days later. At this point in time, there was no indication there would be a change of approach.

Then you refer in the next paragraph to Justin, that is, Justin Sturrock, S-t-u-r-r-o-c-k, did some white boarding that immediately got Terry's attention and as such he was asked for IBM to pitch our views to the SDA. Do you see that?---Yes. 30

What sort of ideas were being white boarded by Mr Sturrock?---I can't recall the detail. I would be fairly certain, though, that might have been the first time that we spent some time talking through how we could introduce award interpretation and increase the award interpretation as a key idea to improve the performance and delivery of the program. 40

Quite. So was the white boarding about Workbrain?---Yes.

Yes, I see, thank you. Now, in terms of the Workbrain innovation, can I stretch your memory, or test your memory? You said yesterday that the Workbrain innovation of IBM was in relation to non-rostering and rostering agencies. Yes? ---That's correct.

Can you tell the commission, from your own knowledge, what was the innovation for Workbrain in relation to non-rostering agencies?---So first off, the rostering agencies, which, by the very nature of Workbrain being selected as the rostering product, would use Workbrain award interpretation. That was always the intent, to my knowledge, there's documentations I think that go back to 50

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when I started at IBM which confirm that. The non-rostering agencies, though, who would have no interaction with Workbrain would use SAP. So the idea that we had was to use the functionality that is specifically developed for award interpretation for not only the rostering agencies but also the non-rostering agencies, that is, those that would only be using SAP, and to effectively take that burden off the payroll engine.

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That is, to move that functionality from SAP for non-rostering agencies to Workbrain?---Correct.

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And that was viewed by you and other members of IBM as being innovative at the time?---Correct.

Now, was that what was explained to Mr Burns on the white board on the occasion of 28 June 2007?---I can't recall definitively, but I think that was probably about when it first came up.

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All right. Thank you. Now, Mr Burns invites IBM to pitch your views, that is, IBM's views, to SDA, "We said we would be happy to invest some time over the next couple of weeks to prepare for this pitch, however, we wanted to know what would be in it for us." Do you see that?---Yes.

Mr Bloomfield, at this stage, did any of the representatives at IBM, including yourself, discuss with Mr Burns the possibility of IBM becoming the prime contractor for the whole of the Shared Services Initiative roll-out?---No, I don't think the prime contract was - well, it may have been in Mr Burns' mind, I don't think it was certainly something that was openly discussed, at this stage it was merely about how to bring the best of each of the big players to the table.

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Quite. You say it may have been in Mr Burns' mind. When was the first time that Mr Burns expressed to you that he was contemplating a prime contract model?---I don't know when. It may have been - it mightn't have been until a vendor briefing that we all attended. I don't know.

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But see, you say, "We wanted to know what would be in it for us." How did Mr Burns respond to that question from the IBM representatives? If a company such as IBM says to Mr Burns, the empowered head of the SDA, "What's in it for us?" he must have responded. What did he respond?---I can't recall the conversation. I still can't recall the conversation.

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It's not so much recalling the conversation, if you're given a promise of some sort, you recall that, don't you? ---Well, I probably would. That would leave me to believe I wasn't given a promise.

Did he promise you - and I'm exploring this - that there was a possibility of IBM becoming the prime contractor? ---No, no, not at all.

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I'll ask you again then. When did you first realise that Mr Burns was contemplating - at least contemplating - the prime contract model?---It would not have - I would not have thought that that was in his mind at this point.

You can't tell us his response to your request of what would be in it for IBM?---No, I can't.

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Not at all?---No.

"Terry obviously can't absolutely guarantee IBM a large scale involvement in the longer term. However, he laboured the fact that Accenture and SAP have nothing new. Was that the response that he gave you?---Possibly. I don't know.

To the extent it's recorded in your email, you record this contemporaneously, don't you, that is soon after your meeting with Mr Burns?---Correct.

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Correct. How soon after your meeting with Mr Burns?---I'm not sure. I'd have to check my diary. When was the meeting with Mr Burns?

All right. But you're reporting to your immediate superior, Mr Peter Munro, are you not?---Correct.

Therefore, you would be striving to ensure that what you say in this email is entirely accurate because you're reporting to him. Yes?---Correct.

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And you want to give him the right idea of what the meeting meant to IBM. Yes?---Correct.

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The words, "Mr Burns can't absolutely guarantee IBM a large scale involvement," would suggest on its ordinary and natural reading that some guarantee was given?---No. 1

Not an absolute guarantee, but some guarantee was given. Did Mr Burns give you any guarantee at this meeting on 28/6/2007 that IBM may have a larger scale involvement in the longer term?---No, not at all; never.

Why did you use the language of, "Can't absolutely guarantee IBM"?---I don't know. 10

You agree with me, don't you, that when you say someone can't absolutely guarantee something, it means they've got the power to almost guarantee it, but they can't absolutely guarantee it. That's what it means in already parlance, doesn't it?---I don't know. I don't necessarily agree with that. If he gave us a guarantee is what you're insinuating would not - in reflecting that meeting have said, "Terry guarantees us the work," but I didn't say that. 20

No. You actually said, "He can't absolutely guarantee something," didn't you?---Correct. Correct. So I don't think it meant that at all.

Why would you use the word "guarantee" at all?---Because ultimately we were having a discussion about whether we invest our time and get involved and he's saying to me, effectively, "Put that in other words, that this is not going to go IBM's way necessarily and that you still need to compete for this work." 30

No, no, no. He said something to you on this occasion that made you think, "This is a fantastic opportunity for IBM," didn't he?---He may have. He may have said something that I interpreted that way.

No, no, no. My question is this: he said something to you on this occasion which caused you to comment in this email, "This is a fantastic opportunity for us." Yes? That's your following words from what I've just read out?---Yes. 40

Yes?---Yes.

So you identified, even though he couldn't absolutely guarantee something to IBM, he did emphasise or labour the fact that Accenture and SAP had nothing new and from those words you identified that, "This is a fantastic opportunity for us." Yes?---Correct. 50

Looking at that email now, can you tell the commission what Mr Burns said to you in response to, "What would be in it for us"?---No, I can't. I only know what's written here. I can't recall that conversation.

What was it that was said that caused you to write, "This is a fantastic opportunity for us"?---It would have been, I think, because of the fact that we openly needed to compete and would have to go through a competitive process against the other players and by his assessment they had nothing new. If that presents us an opportunity to bring something new, then we would be in a good position to win the business.

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He indicated then that the remaining budget was \$108 million?---He did.

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That was a matter of common knowledge, you say. Yes?  
---Yes.

It then goes on to say, "The under-treasurer needs to see that this money has been put to great effect and that the SSS program is heading in the right direction and, if so, he is then prepared to go back to parliament for more funding." Apart from what's written here, do you have any other recollection of what he said in that regard?---No, I don't.

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From that you understood, and the other IBM representatives understood, that even though the existing remaining budget was \$108 million, Mr Burns was indicating that if the money has been put to great effect and that the SSS program is heading in the right direction, that is not that the SSS program is complete, but simply heading in the right direction there may be a request by the under-treasurer for more funds from parliament. Yes?---Correct.

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That wasn't common knowledge, was it?---I don't know. I don't know. I can't recall whether that was common knowledge or not.

Were you surprised when Mr Burns was able to tell you as a contractor, albeit in his position with the SDA, as head of the SDA, what the under-treasurer was thinking?---No, not at all.

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Not at all?---To the extent that he had - this was a very important program to the under-treasurer and he was charged with fixing it.

This meeting is sufficiently significant, isn't it, that you actually make a planning decision, probably with Mr Storick and Mr Peat of IBM - you actually make a planning decision to put IBM's A team on the ground at CorpTech on Monday. Yes?---Correct.

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Do you recall what day 28/6/2007 was?---No, sorry, I don't.

You don't? All right, thank you. Soon after this meeting your plan is to put an A team with CorpTech on Monday to



start to understand the problem better to allow us to assemble our pitch. Yes?---Correct. 1

So you saw this meeting as a meeting that caused IBM to take positive action for the purposes of understanding the ongoing problems at CorpTech. Yes?---Correct.

Your summary over the page 425 of the meeting is, "This certainly helped reinforce to Terry that IBM needs to be part of the way forward." What I want to ask you about, though, is the BTW "by the way" part of it. You had actually heard rumours that Accenture were planning to disengage from CorpTech. Yes?---Apparently. 10

Who had you heard those rumours from?---That would have been industry talking, scuttlebutt, from a very large team.

Did you have one particular source of rumour?---No.

No?---No. 20

You said, "I have tested this rumour." Yes?---Correct; which would have been potentially with multiple people.

How does one test a rumour; by asking people whether it's true or not? Yes?---Correct.

You had worked at Accenture until February 2007. Yes? ---Correct. 30

If you wanted to test a rumour as to whether Accenture was to disengage from CorpTech at or about this time, who would you logically have asked?---Any number of people on that team. For example - - -

That's not good enough. Can you tell me who would you have asked?---I don't know. There were lots of people who would be - - - 40

COMMISSIONER: Who is the most likely person?---I don't know, it could have been someone inside our organisation to - there was lots of people inside IBM that knew people inside CorpTech better than I did, for example Jason or Keith, for example, knew people there, and to know whether or not, for example, Accenture was extending contracts with some of their subcontractors, that would indicate that they are not looking at pulling out, they are looking to spend more time and double down on CorpTech. So that could have been the source, there's lots of different ways that information, you know, is in the market or on the street.

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MR FLANAGAN: Did you test the rumour with any CorpTech employees, such as, Mr Hood, for example. You knew him, didn't you?---I did, but whether or not he would have any clue as to Accenture's intentions, I would have thought not.

All right. What about Mr Pedler from SAP?---Potentially. Once again, would they have shared that with Mr Pedler, I don't know, possibly.

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Can you explain, is there any reason why you have a reluctance not just in relation to testing these rumours, but why do you have a reluctance of telling this inquiry who sent you emails and who you tested rumours with? Why are you reluctant to tell us?---I'm reluctant because I can't recall. Well, sorry, I'm not reluctant, I'm telling you what I can recall, it is a long time ago.

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Mr Bloomfield, is there a sense of embarrassment or discomfort you have in naming the people who you tested this rumour with?---No, not at all.

Is there a sense of discomfort you have in not telling this inquiry, or not being able to tell this inquiry, who sent you the email of Mr Porter?---Which one, sorry?

You know the email I'm talking about, Mr Porter's intelligence?---3 August?

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Quite. Do I need to remind you of the date?---No.

You know what I'm talking about?---Yes, I'm familiar with that.

Do you have a level of discomfort about telling this inquiry who sent you - sorry, do you have any level of discomfort about telling this inquiry who sent you that email?---No.

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No?---No, not at all.

And is the fact that you can't remember who sent you that email - is that simply based on your lack of recollection who sent you that email?---Correct.

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I'll come back to that, if I may. May I then take you to the same volume - sorry, to volume 28 then? Would you please turn to page 428, and we can do this rather swiftly. Again, just for the purpose of creating a time line, if you go to page 428, the meeting that I've just been discussing with you occurred with yourself, two other representatives of IBM and Mr Burns on 28 June 2007?---28th?

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28 June 2007, but, on 29 June 2007, you're notified, are you not, that the program management office tender was, IBM was not successful in obtaining that offer of work? ---Sorry, that was page 428?

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428 of volume 28?---Yes, I have 428.

Yes, you have 428?---I do.

And it's an email to you dated 29 June 2008?---Correct.

And it's informing you that IBM had been unsuccessful in the tender. Yes?---Correct.

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So Mr Burns had told you that decision was coming out the next day, it comes out the next day and you're informed that you didn't get the PMO. Yes?---That's correct.

Thank you. From there, may I take you then to 429, and can I also ask you to take up your statement, Mr Bloomfield? ---I don't have a copy of my statement, if someone could please provide that to me? Thank you. Sorry, Mr Flanagan, what page of my statement?

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For volume 28, it's page 429, for your statement it's page 13, paragraphs 64 to 68. Can I ask just ask you to read those paragraphs again to refresh your memory of what you said about this?---Sorry, to paragraph 68?

Yes, thanks. Have you read that?---Yes.

Thank you. All right. Now, just in terms of timing, you had the meeting with Mr Burns on 28 June 2007. Yes? ---Correct.

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You identify that as a fantastic opportunity in the body of your email. Yes?---Yes.

He expresses discontent or frustration, a high level of frustration, with the proposals put forward by Accenture and by Logica?---SAP?

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SAP. Yes?---Yes, correct.

As he told you a decision would be made, you're notified that the PMO, you'd been unsuccessful in that?---Correct.

And then on 29th, the same day as that, an email is sent by Mr Burns not just to you but to other entities, including Logica, Accenture and SAP. But on the next day after your meeting with him, he says, "Lochlan, this is an invitation to IBM to send representatives to a supplier briefing on the status of the program on Monday, 2 July at 2 pm, at level 8 of Santos House." Now, this is where, then, if you turn over the page to page 430, Ms Blakeney sends to you and other possible interested entities a presentation which is to be done by Mr Burns and Mr Goddard, which is dated 2 July 2007. And you'll find that at page 431?---Yes.

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Mr Bloomfield, there is a coincidence of time, place and circumstance between the meeting between IBM and Mr Burns, and Mr Burns' of what you see is a change in CorpTech of 2 July notice. Actually, it's a notice that comes to you on 29 June - - -?---Right, yes.

- - - inviting IBM and others to come to a presentation by Mr Burns and Mr Goddard. Yes?---Yes.

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My question is simple: did Mr Burns discuss this with you on 28 June 2007?---I don't think he did, I would have recorded that in my email.

You see, you asked him, "What's in it for us," and he's explained that he's dissatisfied or frustrated with Accenture and SAP. He doesn't give you any absolute guarantees, but did you discuss with him the way forward would be to call for interest from other parties, from all parties? I'm just asking did you discuss this with him at all?---No, I don't think he mentioned it.

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He didn't mention it?---No.

All right?---Once again, we were very focused on the PMO decision being made the next day.

See, it's on the very next day that Mr Burns sends this invitation to you, "Lochlan, this is an invitation to IMB to send representatives to a supplier briefing on the status of the program on Monday, 2 July at 2 pm, on level 8 on Santos House." Did Mr Burns mention that to you at all on 28 June at your meeting with him?---No. Once again, at the meeting of 28 June, we were waiting on the PMO decision. The PMO decision was very much what we were discussing, we talked about investment potentially in SDA, and then what we'd get out of it was potentially does that mean we would have a role in the SDA, because at that point in time we weren't discussing a prime contractor, we weren't discussing anything that was in the supplier briefing, we were simply discussing PMO, potentially getting that work and working more on the SDA, that's all that was in our mind.

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COMMISSIONER: Have you finished?---Yes.

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MR FLANAGAN: You couldn't recall a few moments ago what was said in that conversation, but now you're saying you can recall what wasn't discussed?---No, I'm just following what we've just been talking about. What we've been - - -

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No. You've just told Mr Flanagan what wasn't discussed. You were quite clear, "This wasn't discussed," but before you said you couldn't recall the conversation at all? ---What I'm putting together, piecing together, based on what's in front of me here and the emails and what was discussed that at that point in time at that meeting what would have been in our mind because there was no email suggesting a meeting on 2 July. There was no supply briefing. There was nothing - put anything in our mind which would suggest it would be anything bigger than the PMO and potentially some work in the SDA, if we were to invest in people - the A team.

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If you look back at paragraph - go back to volume 33-2, if you would, please, and go back to page 424, please, Mr Bloomfield. If you look at the second paragraph of that email, you are quite correct when you say that you went to the meeting to discuss the PMO with Mr Burns, but the fact is you didn't discuss the PMO with Mr Burns. What in fact happened, you say, "This was intended to merely be a show of commitment to the recent activity that myself and Justin had been having with Terry around PMO. Instead, we spoke mainly about Terry's increased frustration related to the lack of fresh thinking around the approach to the scope solution review," and the scope solution review is the roll-out of the Shared Services initiative, is it not? ---Yes.

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"Currently under way with the newly Solution Design Authority." Do you see that?---Correct.

When you refer to, "This is a fantastic opportunity for us," the fantastic opportunity is not in relation to the PMO, which had already been tendered for. Yes?---Yes.

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The fantastic opportunity is in relation to the scope solution review currently being undertaken by Mr Burns and his SDA. Yes?---Correct.

All right. That's what's been discussed at the meeting on 28/6/2007 and the following day - the following day - Mr Burns as head of the SDA sends out an email, not just to IBM, but to Accenture and Logica and SAP and, indeed, I think, 11 external service providers at CorpTech for the purposes of inviting them to attend a supplier briefing. Yes?---Yes.

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Did Mr Burns give you any hint that this would be the way forward that he was intending to take on the previous day? ---No, I don't think it was.

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Sorry?---No, I don't think so. It was about - we were expecting a decision on the PMO. 1

I'm just going to ask you the question directly. Did Mr Burns and you discuss that this invitation, which happened on 29 June 2007, would be occurring at the meeting on 28 June 2007?---The invitation to supply briefing?

Yes?---Yes. I don't recall having that discussion with him. I don't think so. 10

Thank you. Would you put 33-2 away again, please? Could I just take you then to what you say about this in your statement, which you've read now, paragraph 68? You say, "In large part I remain sceptical of this process because I still considered it unlikely that IBM would win the work away from Logica and Accenture." Do you see that?---Yes, I do.

Do you still hold by that statement?---Yes, I do. 20

Can I remind you, though, in making that statement at this time, you had identified a fantastic opportunity for IBM. Yes?---There's an opportunity there. Correct.

Yes?---Whereas previously we'd been, in my mind, potentially strung along.

You also identified that Mr Burns had a high level of frustration with Accenture and SAP. Yes?---Correct. 30

So at this stage, having identified a fantastic opportunity, you knew that IBM was certainly in with a chance, didn't you?---Absolutely.

Yes?---But I was sceptical of how large that chance was.

But your scepticism, if I can put this to you, was tempered by the fact that you knew that IBM had a fantastic opportunity which you had recorded the previous day and also that Mr Burns had a high level of dissatisfaction or frustration with Accenture and SAP. Yes?---No doubt. That's why we pursued it, otherwise we wouldn't be sitting here today. We would not have pursued it. 40

Thank you. If I could take you to the briefing meeting itself, which you'll find at page 431?---Yes.

If you turn to page 432 - sorry, I'll just confirm. You attended this briefing, didn't you, by Mr Burns and Mr Goddard?---I certainly did. 50

Yes. If you look at page 432 of the third dot point - sorry. Before I come to that, who actually conducted the presentation? Was it Mr Burns or Mr Goddard or both of

them?---My recollection it was both. Mr Burns would have kicked it off because Mr Goddard reported to Mr Burns. 1

Because Mr Goddard - - - ?---Reported to Mr Burns.

Yes, thank you, "Confirmed concerns about the ability to deliver the current scope within existing budget and time frames." Well, everyone knew that, didn't they?---Correct.

If you turn then to page 433, "The objectives of phase three," which is also the rebuild, isn't it?---Yes. 10

The rebuild program, "A refreshed business case and manage with current available funding." Do you see that?---Yes.

But you understood when that was presented of managing with the current available funding - you understood that in the context of what Mr Burns had told you on 28 June, namely, that if the under-treasurer could see for the existing budget some progress in the Shared Services initiative that he would go back to parliament to obtain further funding for the entire roll-out?---I don't think that was what was said. What was actually said was if he could see it, he may go back. 20

All right?---You just said he would.

I see?---That's not correct.

I stand corrected?---So both of those counts, the under-treasurer would have to be convinced. He would have to see it, which is a subjective thing, and then he would have to then turn around and then feel comfortable to go back to his peers and back to cabinet for more money. Both of those things have got quite large question marks over them. 30

Quite. But when Mr Burns in his presentation said, "Manage within current available funding," you understood that to mean that the current available funding was not the only funding available for this project?---No. That made me feel very strongly that what they have available at the moment we need to manage to it and that anything else would be a question mark and a bonus as to whether that would happen. 40

But Mr Burns had told you on 28 June 2007 that if progress was seen in relation to the SSI under the existing budget that the under-treasurer may go back to parliament to obtain further funding. Yes?---Correct, and if the under-treasurer had have told me that or in fact Cabinet had have told me that, I would have felt comfortable, but it was Mr Burns telling me. I did not know how truthful that might be. 50

Actually, he was telling you what the under-treasurer told him, wasn't he?---Correct. 1

All right. Then if I could take you then with this document to page 437 and you might be able to explain something to me that has puzzled me. At the very first dot point it says, "Structural reform and governance. PMO and SDA," we know that Mr Burns was heading the SDA, but was he also to be the PMO?---No, I don't think so. He was responsible for reforming it, to get the right person in play. 10

If we come down then to program management office, it says, "Anthony Close." Was he a person from SMS?---I'm sorry, I don't know.

You don't know an Anthony Close?---No. Sorry.

All right. So should we understand the first dot point as meaning that Mr Burns, whilst he was heading the SDA, would be ultimately responsible or supervising the PMO?---Not at this point in time. That was about - it has in brackets PMO SDA. What it refers to is structural reform and governance, which is a lot more than just the PMO and the SDA and they needed to reform that and that was his responsibility. 20

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All right. If you go down then, it says, "Solution design authority", which is Mr Burns?---Yes. 1

Now, supplier partners, Terry Burns, what was said about that, do you recall?---I don't recall.

Do you know what the reference "supplier partners" is to? ---I assume to any one of the 11 or 12 vendors that were engaged at that point in time, or the ones that may be engaged moving forth. 10

Right, and then budget is Joanne Bugden. Yes?---Correct.

Now, if you then turn to page 438, it says that Terry Burns will direct the assignment under the guidance of the steering committee and has assumed the role of program review director. Was that a different role to simply being head of the SDA?---Correct.

All right?---So as far as the program rebuild, he was the program review director reporting to the steering group. 20

You have already told us that as at 28 June 2007, you knew that Mr Burns was an empowered head of the SDA. Given that he was - or assumed the role of program review director, you viewed Mr Burns as being a highly empowered individual in relation to driving this particular process. Yes? ---Correct, but reporting to the steering group which would have ultimate say. 30

Quite; and it's a process that arose out of this May 2007 review. Yes?---I assume so.

You had been meeting with him at least since 1 May 2007, hadn't you?---2 May.

Sorry, 2 May you met him - - -?---Sorry, 30 April I met him, sorry.

You met him on 1 May?---Yes. 40

And you had two meetings with him on 2 May?---It was 30 April with David Ford the under-treasurer and then 2 May, correct.

All right, thank you. If there be any doubt about Mr - or an empowered SDA, if you look at page 440, the requirement objective, managed scope and design, empowered SDA. Yes? ---Yes. 50

Now, you knew that Mr Burns, as the head of the SDA, was the person who would be driving the process forward. Yes? ---Define the process?

The process of the rebuild program?---No, I wouldn't accept that.

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Why not?---As the program review director, he had responsibility to drive that program forward. As the SDA, as it says here, the SDA's function was to define scope and scope boundaries between the standard offer and agency specific. From that perspective, they controlled the solution. That's their job. They didn't have a responsibility greater than that, was my understanding.

1

Now, if you turn to page 445 then?---Yes.

10

Now, this is the presentation that Mr Burns and Mr Goddard aren't just making to IBM, it's making it to a number of vendors. Yes?---Certainly are.

All right. The first dot point says, "Consideration, seeking innovative ideas and scenarios from vendors' partners." Yes?---Yes.

And you had presented on the whiteboard or one of your colleagues had presented on the whiteboard the idea of Workbrain being used for awards implementation both in relation to rostering and non-rostering agencies. Yes?---I think that's when we introduced it, yes.

20

You knew that he had a certain level of excitement about that. Yes?---He seemed to like the idea.

Yes. That was in the context of him expressing that Accenture and SAP had not come up with anything new?---That would be correct.

30

All right, thank you. Now, I will just ask you to note then, page 446, access to information, they are people that you were familiar with at the time?---Yes, correct.

And direct level persons had been identified as contacts for information?---Yes.

Just note those names, please, and please note that they don't include Mr Burns and Mr Goddard. Yes?---Correct.

40

Thank you. Can I take you to then to page 450?---Yes.

This is an email sent by Kirsty Trusz - - -?---Yes.

- - - on 3 July 2007 at 2.06 pm, it's sent to you and Mr Pedler from SAP, Ms Griffiths from Accenture and Mr Sims from SMSMT?---Yes.

Now, it says it encloses the same list of contacts that I showed you as part of the presentation by Mr Burns and Mr Goddard which you will find at 451?---It certainly does.

50

It says, "If you have any other requirements, please contact either Di McMillan" - who shared the same office with Mr Burns, did she not?---I think she did, yes.

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And she was the person who was originally copied into emails as between yourself and Mr Burns?---Correct. 1

She was the person who originally attended meetings between yourself and Mr Burns?---Correct.

On 1 May 2007?---2 May, I think, yes.

2 May 2007, but was not the person who attended the off-the-record meeting, using your terms with Mr Burns? ---Correct. An informal meeting, correct. 10

"Please contact either Di McMillan or Kirsty Trusz." Yes? ---Yes.

So the contacts for further information were the person listed at 451. Yes?---Yes.

And the two people listed at 450. Yes?---Yes.

All right. From there, may I take you to page 430 - sorry, no, we will go on. If I can take you to page 458. I won't deal with page 455 which is the meeting that certain IBM representatives had with Mr Goddard on 3 July 2007. You didn't attend that meeting, did you?---No, I didn't. 20

Can you tell us why you didn't attend that meeting?---I don't know why, I think I was interstate on that particular day. I might have been in a leadership meeting or something, I don't know. 30

IBM put its A team at CorpTech by this stage, you were going to do it on the Monday?---I think we had - part of the A time was for Surprenant.

Right. Is this the first time that Paul Surprenant is brought into this matter?---I think so. I think there is an email around about this time where he introduces himself and I think - my recollection is - I read somewhere that Paul first met him or first saw him at the supplier briefing - - - 40

Yes?--- - - - and then met him soon after.

All right. Now, what is the particular talent of Mr Surprenant at IBM at the time?---He was one of our global Shared Service experts, in particular around human capital management, which covers human resources and payroll. 50

Whilst he is attending upon Mr Goddard with Mr Chris Preamble of IBM, has IBM got an A team at CorpTech or are these two people part of the A team?---Those two people are part of the A team.

Are they the entire A team that IBM engaged at this time to identify CorpTech's problems?---At this particular point, they may have been the only two, yes. I would have to check my - - - **1**

I know you were not at this meeting but do you know Mr Premble and Mr Surprenant are meeting with Mr Goddard when he's not named as one of the contacts by CorpTech?---I assume on the basis that because both Mr Burns and Mr Goddard were driving the process but if there was information that was outside of what the other contacts could provide, they would be accessible to give that information. **10**

Thank you. If you would turn to page 458. This is an email from Mr Surprenant, dated 5 July 2007 at 7.16 pm. You're copied in on this email. Yes?---Correct.

And it encloses at 461 a meeting summary of the note which Mr Burns on 5 July 2007. Yes?---Correct. **20**

Again, you're not at this meeting, are you?---No, that's right.

And so the document speaks for itself in terms of what was said and you can't add anything to it, can you?---No, I can't.

Can I just ask you this again though: is your answer the same as to why IBM represented as a meeting with Mr Burns when he is not named as one of the persons for the purpose of getting information from, nor for the contacts of Ms McMillan and Ms Trusz at CorpTech?---Well, Ms Trusz was a contact on that list, Mr Surprenant called - emailed her and asked for - to get in contact and that's part of the email trail there, so he - in response to what Kirsty had said to him was - Ms Trusz had sent through on 3/7, Mr Surprenant reached out to Ms Trusz - with the contact details and he actually was wishing to speak to Barbara Perrott and after that, he talked about getting in contact with Mr Burns so that first contact to Ms Trusz was as directed. **30**  
**40**

I'm sorry, I must be missing an email from my bundle, but I have the email of Mr Surprenant to Kirsty seeking Barbara Perrott's contacts, and then an email at page 458 where Barbara Perrott's details are given?---Yes, correct.

**50**

I'm just having a little bit of difficulty. What email are you referring to where - - -?---Sorry, where - sorry, I'll let you finish.

1

Where's the email between Mr Surprenant and Kirsty Trusz where a request for a meeting with Mr Burns is made?---No, I said it was a request for the contact details of Barbara Perrott, so he sent that email to Ms Trusz on 3.35 pm on 3/7 in response to her email on 3/7 2.07 pm. Ms Trusz provided the contact details of Barbara Perrott, and I can only deduce from that, I'm not certain, but that he called Ms Perrott and she provided these details or connected him with Mr Burns. I'm speculating with regard to that so it's probably not helpful.

10

No. Thank you. All right. May I take you to the email from Mr Burns to members, dated 25 July 2007, which you'll find at page 548?---Sorry, was that 538?

548?---548? Sorry. Yes.

20

The email speaks for itself, but I'd like to take you to paragraph 80 of your statement, Mr Bloomfield?---Sorry, which paragraph, Mr Flanagan?

Paragraph 80?---Yes.

At the last three lines of paragraph 80, you say, "It offered," that is, this email, "offered for the parties to meet with representatives of the state as outlined below. A meeting took place with Terry Burns and Keith Goddard, the dry run presentation referred to below." So there was, in fact, a dry run presentation between IBM representatives and Mr Burns. Is your best recollection that Mr Goddard did not in fact attend?---No, the opposite. My best recollection is that Mr Goddard did attend, that's my best recollection, I thought he was there.

30

All right. In any event, this dry run that occurred on 3 July was only before Mr Burns and Mr Goddard, if Mr Goddard was in fact present?---Pardon, 3 July, you said?

40

Sorry, 3 August?---August, yes. Sorry, I missed the question.

Was the only persons present IBM representatives, Mr Burns and perhaps Mr Goddard at the dry run on 3 August 2007? ---That's correct.

All right. Now, in this email it actually says, "The process that we wish to follow from here onwards is to collate these proposals from all interested suppliers by 7 August 2007, and we suggest that you may wish to make a presentation to the senior management group before this date." Do you see that?---Yes, I do.

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Who did you identify as being the senior management group? 1  
---My mind at that point would have been that it was  
Ms Perrott, potentially Mr Ford, and some of the key  
decision-makers inside CorpTech, for example, Mr Hood.

Quite. So when you actually presented IBM actually did the  
presentation to CorpTech and Queensland Treasury officials,  
including Ms Perrott and Mr Ford?---Mr Ford.

And I don't think Mr Bradley was there?---I don't think he 10  
attended, he wasn't able to attend.

He wasn't able to attend?---Correct.

When you made that presentation to CorpTech on 6 August,  
you were actually making the presentation to the senior  
management group, weren't you?---Yes, and others. Correct.

And others, yes. So when you say in your statement, "It 20  
offered for the parties to meet with representatives of the  
state. As outlined below, a meeting took place with  
Terry Burns and Keith Goddard, the dry run presentation  
referred to below." That dry run was not a presentation to  
the senior management group, was it?---No, it wasn't.

No, it was actually a presentation to two independent  
contractors to the state, Mr Goddard and Mr Burns, wasn't  
it?---Two people who had responsibility for making sure  
that the presentations that we gave hit the mark, so that  
is we wouldn't get there and waste everybody's time. 30

Yes, can I just understand what you're saying in  
paragraph 80 in the last three lines? Are you saying that  
this email from Mr Burns of 25 July 2007 constituted an  
invitation to IBM and others to do a dry run before  
Mr Burns and Mr Goddard?---To use that particular forum as  
best as we thought would be valuable to both parties.

All that's offered in this email is actually a presentation  
to senior management before the deadline of 7 August 2007,  
isn't it?---Correct. 40

The dry run that you did before Mr Burns and Mr Goddard is  
in addition to what's contained in this email, isn't it?  
---No.

I'll ask you: where in this email does it suggest that one  
could do a dry run before Mr Burns?---Because the fact that  
it says that, "If you wish to make a presentation to the  
senior management group before this date, you're welcome." 50

To our mind, because we, at this point in time, were still  
scrambling to really understand the full magnitude of what  
we needed to present, that it would be wise for us to make  
sure we were on the right - hitting the objectives of the  
session that was planned for the 7th. So we thought it

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would be best to spend some time with both Mr Goddard and Mr Burns instead of wasting the time of the senior management group. That may have been different for other players who had been there for a long time and had a very clear understanding of what they were presenting and were happy to go straight to the senior management group about it, but we thought it was wise to spend some time with Mr Burns and Mr Goddard first.

1

So is the answer to my question that one does not find in this email an invitation to do a dry run before Mr Burns and Mr Goddard for IBM or indeed for any other tenderer? ---No, I interpreted that to use that particular invitation as best we see fit.

10

Did you ever ask Mr Burns whether the other entities named here, namely, Logica, SAP and Accenture, had also been given the opportunity of doing a dry run?---I didn't ask by I assumed that they would take up this offer the same way as we did.

20

And this is the dry run that happens on 3 August 2007, is it not?---Correct. Which is as per the email prior to 7 August.

All right. Thank you.

COMMISSIONER: Has Mr Bloomfield told us who suggested the dry run?

30

MR FLANAGAN: We're coming to that, we're just trying to find a document that was given to us on Sunday, but I think it might be - no. We'll try to locate the document, but do you recall that Mr Burns sent you an invitation for the dry run?---Possibly.

Quite possibly?---Quite possibly. Well, the answer is: no, I don't, I don't recall that coming in but I'd have to look at the documentation.

40

All right. Thank you. May I take you to volume 32, then, where there is an email from you referring to the dry run? Volume 32, page 89.

COMMISSIONER: Mr Flanagan, do you want a short adjournment?

MR FLANAGAN: Yes, so we can locate this document.

COMMISSIONER: Yes, we'll adjourn until Mr Flanagan's ready. Let me know when you are ready.

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MR FLANAGAN: Thank you, Mr Commissioner.

THE COMMISSION ADJOURNED AT 11.07 AM

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MR FLANAGAN: Yes. May Mr Bloomfield be shown volume 32? 1

COMMISSIONER: Yes.

MR FLANAGAN: Page 89, Mr Commissioner.

COMMISSIONER: Yes.

MR FLANAGAN: This is an email from you, Mr Bloomfield, is it not?---It is. 10

When I say "email" it's an invitation to - - - ?---An invitation. Correct.

The invitation is to a number of people, but can I just confirm Brooke Freeman is an IBM employee at the time? ---Correct.

Position, please?---She was a managing consultant. 20

Chris Prebble we've come across before as part of the A team. What position did he hold at IBM?---He was assisting with, effectively, business development activities for CorpTech, Shared Services initiative.

Had he been brought in especially for this particular tender?---He had, yes.

All right. From where?---He was actually, I think, contracting to us at the time, so he'd been involved in - he'd worked with us previously on other engagements. 30

Where did he come from?---I'm not sure. Once again, he was contracting to us so he was a contractor.

Was he stationed in Brisbane before this process started or did he come to Brisbane for this process?---No. He had been in Brisbane.

All right, thank you. Jason Cameron we know; Keith Pullen? ---He was an IBMer. Yes. 40

Yes. But where was he stationed?---In Brisbane.

Yes. Where at? CorpTech, wasn't he?---At this particular point in time?

Yes?---I'm not sure if he was still down at CorpTech or not. 50

He had been at CorpTech for a long time, though, hadn't he? ---He had been. Yes.

All right. So he's familiar with CorpTech, isn't he, Mr Keith Pullen? Yes?---Correct. He is.



Keith Goddard, who we've discussed; Paul Surprenant - Sarah Simpson, who's that?---Sarah Simpson was someone who - an IBM employee who had been working on numerous things in a business development sense in the Brisbane office.

1

And Terry Burns?---Terry Burns. Correct.

Yes. As I understand this document, its subject is IBM Dry Run. When we say "dry run" it's a dry run of the presentation that IBM was to give in response to Mr Burns' email of 25 July 2007. Yes?---Correct.

10

It was the proposal that IBM was going to present to Ms Perrott, the deputy under-treasurer, and a number of CorpTech and Queensland Treasury officials. Yes?---Yes. Correct.

That's the presentation that took place on 6 August 2007. Yes?---That's correct.

20

Is it the fact that the start date of that meeting was to be 3 o'clock to 4 o'clock; that is, an hour presentation. Yes?---It would appear so.

It was to be given at the level 5 IBM Centre. Yes? ---Correct.

When you presented to the senior management group, including Ms Perrott and others, on 6 August, where did that presentation take place?---Somewhere in CorpTech, either Santos House or Mary Street.

30

Mr Burns accepted this meeting invitation?---He did.

He came down to the IBM offices. Is that correct? ---Correct.

Before Mr Burns was sent this invitation to attend this dry run, did you ring him?---I could have.

40

If you're going to ask someone who's contracted to the Queensland government to come down to a dry run presentation, you wouldn't just send them a cold invitation, would you?---No, I don't know when it was discussed, when we would actually have this particular session.

What's your best recollection of who instigated this dry run? Was it you or was it Mr Burns?---The meeting itself, as in the initial idea of presenting before the presentation, was initially Mr Burns as part of the email. The concept of a dry run, if you like - dry run is probably a terminology that I would use - and I - - -

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Sorry. What did you say then?---A dry run is probably the way that I characterised it as - - -

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Yes?---- - - something that we would say; a dry run,  
something that - - -

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That's how it's characterised in this email, isn't it?  
---Correct. It's something that happened before the main  
event.

Yes?---That may or may not have been a suggestion from  
Mr Burns that - and I'm saying it probably was - to make  
sure that we - to use their time effectively on the day of  
the 6th to make sure we were meeting all the objectives as  
set out by Mr Burns and Mr Goddard and so we sought to have  
a presentation so that we were meeting those objectives.

10

The presentation occurred between 3.00 and 4 o'clock at  
IBM's offices with Mr Burns, at least, present?---Correct.

Who conducted the presentation?---The similar team that was  
going to present on the 6th.

20

Discussion ensued. Yes?---My recollection is there wasn't  
much discussion. There was, as per my statement, Mr Burns  
didn't say too much to us at that point in time except save  
the fact that we were meeting the objectives of the 6  
August session that was coming.

You deal with this particular dry run in paragraphs 85 and  
86 of your statement. Can I ask you to take that up,  
please? In paragraph 85 you say, "Mr Burns did not say  
much about the presentation, but did indicate we were  
meeting the objectives." Yes?---Yes. Correct.

30

Is that all you can recall of what Mr Burns said? You know  
Mr Burns's character, don't you?---I do.

If he wants to say something, he certainly says it, doesn't  
he?---That is very true.

He's very forthright, isn't he?---He is.

40

One might even say slightly opinionated when it comes to  
his own expertise. Yes?---You could say that.

You're doing a dry run at your offices for Mr Burns, in  
effect for Mr Burns, to make sure that you're hitting the  
mark. What did Mr Burns say to IBM representatives at this  
meeting about hitting the mark?---Once again, I can't  
recall the exact words he used, but we certainly were left  
feeling that we were going to meet the objectives. We  
weren't - he wasn't going to waste people's time.

50

Was price discussed?---It wasn't discussed. I mean, it was  
part of that dry run presentation, but it wasn't discussed;  
not that I recall. No.

No?---No.

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The dry run presentation as at 3 August 2007, did it actually have ranges of indicative pricing in it?---I don't recall the exact version. We had changed it and there was some fine tuning in a lot of the document.

1

Yes. Did the dry run presentation have indicative price ranges in it?---I thought it did.

You thought it did?---It certainly had indicative prices because that's all we had at that time was indicative prices.

10

Did those prices change between the dry run and the presentation that you made to the senior government officials on 6 August 2007?---They may have because - - -

They may have?---- - - we were still finalising some of that.

Turn your mind to it?---Yes.

20

I'll ask you the question again. Did the indicative price range - first of all, do you recall there be indicative price ranges in the dry run?---There should have been because that was - we didn't take them out. That would have been what we thought at the time, but we were still seeking approvals - or not approvals - - -

Let's just assume for the present purposes there were indicative price ranges in the dry run presentation given to Mr Burns and, perhaps, to Mr Goddard. All right?---Yes.

30

How did they change come 6 August for the presentation to the government?---If they changed at all, it was to increase them.

Did you discuss price with Mr Burns at this dry run?---I don't think we did.

Can you tell the commission what Mr Burns said to you and the other IBM representatives at this dry run?---Once again, I can't recall the exact words, but he certainly gave us comfort that what it contained would meet the objectives.

40

Excuse me just for a minute. Did you discuss with Mr Burns at all that there had been an estimate made by IBM in their indicative price ranging of \$25 million for travel?---Did I discuss that with him? No.

50

Yes?---No, I don't recall any discussion around travel and expenses. Just turn paragraph 154 of your statement, if you would?---Yes.

Paragraph 154?---Yes.

1

You actually state that - this is your explanation of why there is a difference of price between the RFP price, the indicative pricing put in by IBM which is 153 million to around 190 million. Yes?---Correct, yes.

And the actual price that you footnote in your executive summary which you sent after you have sent the Ito proposal, isn't it?---Correct.

10

And that one footnote on page 1 of the executive summary says it's around \$98 million which is a ball part figure which is the fixed price component and the best estimate component of the response of IBM to the ITO. Correct? ---That is correct.

And you were asked by the commission to identify why there is such a considerable difference between the indicative pricing of IBM as at 7 August or 6 August 2007 and the \$98 million which is your ITO price provided in or about October 2007. Yes?---Yes.

20

So within the space of two or three months, the pricing of IBM, albeit indicative pricing, has changed. Yes? ---Correct.

You were asked for an explanation of that, weren't you? ---Yes.

30

One of your explanations that you give in paragraph 154 is that IBM or you say, In preparation of IBM's estimate made in its August 2007 presentation, I understand this item of expense accounted for about \$25 million." Yes?---That's correct.

What is the basis of your understanding, Mr Bloomfield?---I checked the spreadsheet that sat behind that particular calculation.

40

Has that been produced to the inquiry?---I don't know. It may have, I'm not sure.

When you say the spreadsheet that sat behind those calculations, is that the documentary evidence you're referring to - or was that the basis of your understanding for the \$25 million?---Correct.

Mr Commissioner, I'm in the embarrassing situation that I don't know of that spreadsheet.

50

THE COMMISSIONER: Your best recollections is that it wasn't produced to the commission?---That's my recollection. I don't know if it was. I don't know if it was requested.

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On 20 February, Mr Bloomfield, I signed a summons to IBM sent by arrangement to its solicitors and one of the categories of documents sought were any documents relating to the request for proposal regarding appointment of the prime contractor for the Shared Services Solution and so on. Clearly, you have just described a spreadsheet which is a document which relates to IBM's request for proposal, isn't it?---Well, I think this comes down to the confusion that has been - - -

1

What confusion?---Around what the request for proposal is.

10

All documents, any documents relating to the RFP especially if the document refers to the RFP?---No, not my interpretation of the RFP. Mr Commissioner, with respect, there has been a lot of confusion with regard to what is an RFP, and RFO and an ITO and this document referred to the indicative presentation that we gave and as per my statement, we did not see this as an offer. This was a recommendation that we were putting on the table, it was not an offer and hence I did not see this as part of the - - -

20

It has been clear for weeks now, has it not, that by the RFP, we all understand the process that began with that email of 25 July and entered I think on 7 August?---I'm not - possibly, I don't know if that's the definition of it. I haven't seen the definition of the RFP, I'm sorry.

Are you sitting there telling me that in the last few weeks, you have not come to understand that is what is meant by the RFP?---I'm still confused, to be honest.

30

MR DOYLE: Mr Commissioner, might I make a submission about this. My side - you have directed questions to Mr Bloomfield about a summons that was in fact served on IBM. There has been correspondence as you perhaps know between IBM and the solicitors assisting you about the content and meaning of that document.

40

THE COMMISSIONER: Which document?

MR DOYLE: The summons. I have asked Mr Cregan to be in a position to deal with this and we will at some convenient time, but it is far from clear that the summons bears - or at least was intended to bear the construction which we now understand it bears and we raised that with you, with your solicitors, and we received certain inconsistent responses, one of which suggested to us that what was being referred to was the ITO.

50

Now, we have chased up your solicitors. It is clear now what is required and we have endeavoured to comply with it but it is not fair to make a criticism of Mr Bloomfield about that as you have been doing in circumstances where the RFP

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it's the company that is responding to it and we have endeavoured to have it clarified. 1

THE COMMISSIONER: I have seen a letter from Ms Copely which made it clear what we have understood as the RFI, the RFP and the ITO process. It has also been clear because of the evidence that terms have been used interchangeably and has been referred to sometimes as RFO and sometimes the ITO has been referred to as the RFO. 10

MR DOYLE: I accept that it has become clear - - -

THE COMMISSIONER: But we have been consistent I thought for some time about what the terms meant.

MR DOYLE: We needn't really dwell on that. I'm not sure that that is right but it is right to say that we wrote, I think towards the end of March, saying it has come clear that what has been referred to as the RFP is the email of 25 July and we have responded or we are responding on the basis that's the case. Now, what went before that was genuinely expressed concern about the breadth and ambiguity in the summons which wasn't really clarified to us. Now, we will deal with this in a submission to you, but my submission is that it's unfair in a sense to - - - 20

THE COMMISSIONER: Mr Bloomfield, granted, wasn't responsible for answering the summons.

MR DOYLE: That's good. 30

THE COMMISSIONER: I accept that. But he proposed to - or disposed rather, to argue that the spreadsheet which he has now described isn't a document relating to the RFP.

MR DOYLE: I haven't seen it so I don't know what it is.

THE COMMISSIONER: Well, he has just told us it's a spreadsheet of the figures put together for the dry run for the presentation to the senior government officials, I think they were called, which is the RFP. 40

MR DOYLE: As I say, I haven't seen it. If it was one that was put together back at the time, I wouldn't be disposed to contend it doesn't fall within the summons. If it's one that has been put together more recently, I perhaps would but we will deal with this question.

THE COMMISSIONER: Can you tell us? The spreadsheet that you're talking about, was that brought into existence in about July 2007 or more recently?---Yes, it would have been July 2007, and Mr Commissioner, I don't think I have seen a definition that you refer to to outline those three things and perhaps I was thinking - - - 50

Anyway, as Mr Doyle points out, the correspondence has been with the solicitors rather than you?---Correct. 1

What do you want to do about this?

MR FLANAGAN: It's all right, I can go on. I think we will seek a request for that - - -

MR DOYLE: Might I help; you may not remember this but we on the Friday before the commencement of hearings on 8 March I think it's right to say - my memory dates are now becoming a little vague but on the Friday, we received a letter asking for - in the form of a formal request, asking for an explanation of the difference between the - - - 10

THE COMMISSIONER: Pricing, yes.

MR DOYLE: - - - the protocol response in August and the ITO. Not enough time was given for us to respond to that but we did nonetheless on the morning of the commencement of the hearing. Now, I accept that that response is not a complete one and we are endeavouring to have someone who can give a complete response, which will explain if it can explain. 20

THE COMMISSIONER: You mentioned that before. I thought Mr Bloomfield was going to do that.

MR DOYLE: No. So we hope to be able to give you a statement with whatever documents are necessary. I haven't seen it myself, which explains so far as it can be the difference between those two sets of things. 30

THE COMMISSIONER: All right, thank you. Carry on.

MR FLANAGAN: Mr Bloomfield, in paragraph 154 when you say, "I understand that this item of expense accounted for about \$25 million," that understanding is based on the document that you were referring to, being a spreadsheet which was created in or about late July 2007. Is that correct?---Correct. That's my understanding. 40

All right. You don't annexe that document to your statement at all, do you?---No, I don't think so, no.

No, but when you compiled this statement and compiled the evidence that is contained in paragraph 154, was your understanding then based on viewing a document?---Correct.

Thank you. Was it a document that you created?---No. 50

All right, thank you. Did you know who created it?---No, I don't. Sorry.

You don't? Thank you. All right. We'll revisit that topic shortly. Just to expand your memory then of the dry run before Mr Burns and Mr Goddard, do you recall anything that Mr Burns said about price?---No.

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Did you think it was relevant that in your indicative pricing, whatever that was as at 3 August 2007 - do you think it was relevant that for a former IBMer, which Mr Burns had described himself as, that you brought to his attention that there was around \$25 million worth of travel fattening up, if you like, of the indicative price range? ---No.

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We'll come to it, but for the ITO when you're asked - your price is actually \$98 million exclusive of GST and exclusive of travel?---Correct.

Yes?---Yes.

When clarification is sought by the evaluation panel of the ITO, the figure that is indicative of the travel expense for IBM for the project is \$5 million. Yes?---Correct.

20

Can you tell us why is there a difference between travel for the RFP of \$25 million, which you say comes from your understanding of having read a document, and \$5 million which is a specific amount, given to the evaluation panel who is evaluating the ITO?---The difference is a factor of why - or the big reason as to why the figures provided at the beginning of August were so different to the ITO to the extent that we had a lot better understanding of what was required when we submitted the ITO, so in terms of scope the work that was required, we really were - we weren't clear on what had to be done and that also affects, as you would expect, the amount of resources we would need, the number of resources we'd need to bring in from outside of Brisbane and hence drive up the travel price. I think looking at that documentation, I think we were allowing that a vast majority of people attending the project would be from out of Brisbane, so hence would need travel costs as a very conservative estimate.

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But this is a \$20 million difference - - - ?---Correct.

- - - within a few months?---Once again, if you make an assumption that the whole team - and once again, if you look at the - we didn't understand the size of the magnitude of what we were estimating and it was quite a lot more days and we - if you would then assume that a very large team is all from outside of Brisbane as a conservative estimate, it comes out to \$25 million. If you then via the ITO make a more accurate assessment on how many people would be brought in from outside of Brisbane, you can significantly reduce that figure.

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Would you look at this document, please? We know the meeting on 3 August 2007 with Mr Burns and the dry run took place between 3 o'clock and 4 pm. Correct?---Correct.

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Even though the invitation said 3 to 4 pm, how long did the actual presentation take?---I don't think we took any more time than that. I think it was finished by 4 o'clock.

But at 5.24 pm on 3 August 2007 you're sending an email to Mr Munro, aren't you?---Correct.

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Which says, "As discussed, here is a summary of the work we have been doing for CorpTech. To develop a ballpark pricing, we had the following: global delivery has been involved in the pricing of SAP activities." Who's "global delivery"?---Global delivery is when we access any of our resources from outside of Australia, but predominantly in this case it was referring to the resources we would use from our Indian practice, IBM India.

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Quite. When you talk about the SAP activities, what is that referring to in the context of the 25 July 2007 email from Mr Burns, that is, what part of the roll-out are you talking about there? What does it involve?---Both SAP, HR payroll and SAP finance and the relevant completion of any build activities or testing activities and, for that matter, deployment activities that would come off the back of that.

In terms of, "Global delivery has been involved in the pricing," can you tell the commission what involvement they had in the pricing for the RFP process?---My understanding was that they had - based on the limited knowledge that we had, they had worked up their estimates on the amount of effort they would take to do the job that was required. So they had their own high-level estimates at that point.

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All right. Then the next dot point, "A dedicated SAP HR payroll expert has been heavily involved in the pricing." What was that involvement?---Something I'd assume that to their best of their ability make an estimate on what the effort would be in HR payroll for SAP, to the best of our knowledge at that point.

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Mr Surprenant himself seems to have had expertise in HR payroll. What's BPO?---Business process outsourcing.

Which is this type of process we're in, isn't it, the RFP, ITO sort of process?---No, no. Business process outsourcing refers to a different type of engagement where we would actually - IBM would be involved in effectively running the HR payroll process, business processes.

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But it says, "He's been across all pricing." Was that correct?---Correct.

Can you describe to the commission how he was across all pricing? Just from your own knowledge of what Mr Surprenant's role was, how was he across all pricing for this RFP?---He was reviewing and contributing to pricing in all areas using his experience.

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It then says, "We have utilised IBM and vendor input for our estimates around Saba, RecruitASP and Workbrain, costings previously completed." That would seem to be when it says "previously completed" - when were those costings completed?---As part of us - when CorpTech came to us and said, "We want IBM and IBM only to do the Workbrain work."

10

Yes?---We had done a proposal at that time, we understood what the costings were.

In fact, that was a fixed price for Workbrain, was it not, with CorpTech?---Correct.

You had those fixed prices. What about the Saba and RecruitASP?---So we had to work with - as it says there - the particular vendors, Saba and RecruitASP to understand the amount of effort that was required on each of their parts.

20

Then you say, "We have spoken to QRM," who was QRM?---QRM is our internal QA function inside IBM to review anything that goes out the door.

But this is still in relation to pricing, is it not? ---Correct. QRM are responsible for setting the risk ratings of the particular engagement. That risk rating drives contingency.

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Can you just give me an idea of man hours that would have been involved in those five tasks in arriving at an indicative price for your proposal presented on 6 August 2007?---Potentially, up to 800 work hours; 500 to 800 man hours, person hours.

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You were on top of that, weren't you - - - ?---Correct.

- - - because you were leading this process in one sense. Yes?---Correct.

You're reporting to your immediate supervisor, Mr Munro, in relation to the pricing process that has occurred as at 3/8/2007. Yes?---That's correct.

Let me just make this clear, was there further pricing work that was done from 3 August 2007 to your presentation on 6 August 2007?---There certainly was to the extent that there was still work being done and still movement in that particular pricing. I can't remember the exact timing of it, but I know in particular QRM were worried about putting

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a ballpark price on the table. As I said in my statement, this was never a formal offer. It was never a formally worked-up price which had all the pricing approvals and part of this email was to make sure that my immediate supervisor was comfortable with the fact that we were putting ballpark costings together and because of his nervousness and the nervousness from QRM, we were encouraged or directed to put a large amount of contingency and a price range in to make sure that we weren't, you know, falsely put in a low price.

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We don't need to read out what these figures are, but you go on to say, "There are two components of our ballpark costings to CorpTech. These are Shared Services, core solution and agency specific components." We'll come back to that, but the Shared Services core solution and the agency specific components, should one add those to elements together for the purposes of arriving at indicative pricing range for IBM for the roll-out?---Yes, and you'll see that in our presentation by our - - -

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Can I just get this right though? When you talk about the agency specific components, we're not talking about the pricing of the government elements of CorpTech representatives working on the IBM project?---That's correct. 1

That's correct. So it's really for the roll-out of the Shared Services Initiative one adds those two together, but it does not include the government portion?---Well, to be clear, it doesn't include the, as we discussed yesterday, the agency implementation work. So it doesn't include the work in each of the agencies to receive the changes, so it's effectively that build activity associated with the agencies specific to the agency that would be done centrally. 10

Can I just be more specific then?---Yes.

What was your understanding of agency specific components when you wrote this email?---The shared services core solution was the solution that would be shared amongst all agencies, and the second part, the agency specific components were those ones that were unique to relevant agencies, although they were unique for an agency still needed to be developed. So this was a full complement of what work needed to be done centrally in CorpTech. 20

Can I just drill down a little bit, then. Does the agency specific components, would that involve the LATTICE replacement, for example?---I'm not sure about that, I'd have to check. 30

All right. Thank you. You say there are supporting spreadsheets behind all this, and no doubt that's a reference to one of the spreadsheets you've referred to already, but I don't see any element in this email at least of saying, "We've allowed \$25 million for travel in our indicative pricing, or our ballpark"?---No, it hasn't, I haven't mentioned it. That may, once again, have come up as part of the QRM review that happened later after this, potentially. 40

Can you tell me why there was a change that the indicative pricing in response to Mr Burns' email of 25 July included travel but your ITO price was exclusive of travel?---I can't tell you exactly why that occurred. Potentially a guidance we had from senior executives that reviewed the deal as to how to represent that, I couldn't tell you exactly why. 50

All right. Now, without reading out the figures, if one was to add our estimate both under the shared services core solution and the agency specific components, is that the amount that one would arrive at for the purposes of your estimate as opposed to the price you're going to give to

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CorpTech, it's IBM's estimate of what they think this will cost?---Correct. At that point in time, based on the little knowledge we had. 1

And the ballpark for CorpTech, one would add those two figures together?---Correct.

Ultimately, we know that an indicative range I think which incorporates both of these elements is 153 million to 190 million. Is that correct?---Correct. That's right. 10

Without a specific figure being given, or certainly a not to exceed figure being given. Yes?---That's correct.

I tender that document, Mr Commissioner.

COMMISSIONER: Yes. Mr Bloomfield's email of Mr Monroe of 3 August 2007 is exhibit 36.

ADMITTED AND MARKED: "EXHIBIT 36" 20

COMMISSIONER: Mr Doyle, are these figures still confidential?

MR DOYLE: They are, yes. The ones that weren't read out, particularly the ones which identify the percentages for - - -

COMMISSIONER: I see, yes, all right. 30

MR DOYLE: So can we provide a redacted version of this as well?

COMMISSIONER: Yes, all right. Exhibit 36 is this email, but a redacted copy we'll put on our web site.

MR FLANAGAN: May I then take you to paragraph 86 of your statement?

COMMISSIONER: Before you read that email, Mr Flanagan, Mr Bloomfield, you say at the bottom of the email, "As early advice at this stage," that's the stage you've been discussion, "would be followed after the RFO." That's what we call the "ITO". You understand that?---Correct. 40

"We'll submit our revised price." How did you know that, what we call the "RFP process" was not intended by CorpTech to result in the contract?---I'm not sure if it was something that was said to me, but I certainly, with my experience in government work, that the likelihood of them being able to contract based on the procurement process or the process they'd been going through would not have been enough to award a contract. 50

I understand that, but the way you express it is quite definite, it says "will be followed by a formal RFO stage". Had Mr Burns mentioned that to you?---I don't know, I couldn't tell you.

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You can't remember now what gave you that confidence that there would be a more formal stage to follow?---No, I don't know, I'm sorry, Mr Commissioner.

MR FLANAGAN: Thank you. At paragraph 86 then, it's the second line of paragraph 86 that I wish to question you about, Mr Bloomfield. You say, "I now understand Accenture provided an explanation of the proposal to Mr Bradley and others the day before." Do you see that?---Yes.

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What do you mean by, "I now understand"?---That was something that was pointed out to me or I understood after Mr Salouk appeared at the hearing.

Yes, but you're not suggesting, are you, that this meeting of Accenture and the under-treasurer and others on 2 August 2007 was similar to the dry run you had with Mr Burns and Mr Goddard, are you?---I am, my expectation is that they chose to take up the offer of the 15 July to meet with senior management figures differently than we did.

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Can I just check then for that purpose of you making that assumption, have you read paragraph 36 of Mr Salouk's statement, exhibit 5?---No, I can't recall what that particular - - -

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Have you looked at Mr Salouk's notes of the meeting with the under-treasurer, which is contained in volume 26, page 1169?---I don't think so, no.

Have you looked at Mr Salouk's evidence at transcript 1-36 to 1-40?---No, I don't think so. No.

All right. So without you actually knowing, you're simply assuming that the dry run IBM had at its offices with Mr Burns and perhaps Mr Goddard was similar in nature to the presentation by Accenture to the under-treasurer? ---Once again, I couldn't comment on the content of what they said versus what we said, but, once again, it was instigated the same way from the 25 July offer by Mr Burns. They took up that offer, pursued it a certain way, we took that offer and pursued it a different way.

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There's one fundamental difference between the two meetings though. Your meeting and IBM's meeting on 3 August 2007 is with contractors with the Queensland government. Correct? ---Correct.

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Their meeting on 2 August is with the under-treasurer and Ms Perrott. Correct?---Correct.

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Do you draw a distinction between the nature of those two meetings?---They are certainly meeting with people who are decision-makers in the process, whereas the people we met with were not decision-makers.

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When you say "I now understand", you actually knew at the time that Accenture had met with Mr Bradley on 2 August 2007, didn't you?---No, I didn't.

I'll put that proposition to you again. You knew on or about 2 August or soon after, namely, 3 August, that Accenture had met with Mr Bradley?---I now understand, yes. Sorry, I don't understand the question.

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You had actually received an email that contained Mr Porter's report - - -?---Correct.

- - - or impressions of the meeting that Accenture with the under-treasurer on 2 August 2007, didn't you?---Correct. Which was only brought to my attention recently.

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Okay, so when you say "I now understand", you're not referring back to the fact that you knew at the time he had already met with the under-treasurer?---Correct.

All right. So we should take it than when you say, "I now understand," you actually understood at the time that Mr Porter had met with Mr Bradley. Yes?---"I now understand," this was added to my statement on the basis of what I understood Mr Salouk had said in his - - -

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Yes, but let's be accurate though?---Yes.

You knew at the time; that is, you knew at least by 3 August 2007, that Mr Porter had met with Mr Bradley, didn't you? You had that intelligence?---Correct. When I put together my statement the first time I had not remembered that email.

May Mr Bloomfield be shown exhibit 32?

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COMMISSIONER: Yes.

MR FLANAGAN: Mr Bloomfield, with exhibit 32, may I ask you to turn to page 2 of that document?---Yes.

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First of all, you've been questioned by the commission in relation to this document already, haven't you?---Yes, I have.

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Have you had a chance to read the transcript of that interview?---No, I haven't.

Would you look at this document, please?---Thank you. Mr Flanagan, did you want me to read the whole - - -

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No. Could you just familiarise yourself with it sufficiently to answer this question: is that the evidence that you gave to the commission on 26 March 2013 in relation to this particular email I'm showing you?---It would appear so, but until I read it all, I couldn't definitively answer that question.

Subject to any corrections you want to make in relation to the transcript, I tender that document.

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COMMISSIONER: The transcript of the evidence given by Mr Bloomfield to the commission on 26 March 2013 will be exhibit 37.

ADMITTED AND MARKED: "EXHIBIT 37"

MR FLANAGAN: Before you go to this email, may I ask you to refresh your memory of what you've said in your statement in relation to this email which you'll find at paragraphs 95 to 99?---Yes.

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There's three particular points that arise from those paragraphs. Consistent with what you've said in your record of interview with the commission, first of all, you say you don't recall receiving this email?---Correct.

You say you don't recall who you received the email from - - - ?---That's correct.

- - - because the email doesn't show from who it was sent? ---That's correct.

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You've, thirdly, said that the information contained in that email was of little significance - - - ?---That's correct.

- - - to you at the time?---That's correct.

In relation to those three propositions, may I ask you once again, having had some time now to ponder this and you have been pondering it, have you not?---I have once or twice.

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Yes. Having had time to ponder it, would you please tell us who sent you this email and if you can't tell us, would you tell us why you can't tell us?---No, I can't recall. I

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still can't recall, as much as I've tried, and I can't recall because it is such a long time ago. 1

It's intelligence that came at a very significant time. It's actually sent to you on 3 August 2007 at 9.39 pm at night-time and you can take it from me that 3 August 2007 was in fact a Friday night. Yes?---I'm not sure whether it was received at that time. I'd like to understand from you why you think it came in at that time. 10

Do you really? Think about that before you challenge me on that. Think about it because if you turn over the page, you'll see why I suggest to you that it was received by you at 9.39 pm because you forward it at 9.45 pm on the same day?---I'm just referring to the fact, Mr Flanagan, that the first one, as I understand it, is a draft email, so that's the time stamp on the draft of the email not necessarily the time that it came in.

What do we make of the fact that it has, "Lochlan Bloomfield, Australia IBM, 30/8/2007, 9.39 pm," and then the following email is, "Lochlan Bloomfield, 3/8/2007, 9.45 pm to Paul Surprenant." Shouldn't we take it that you received this email at 9.39 pm on Friday evening, 3 August 2007, and that you sent the email at 9.45 pm on 3 August 2007 to Mr Surprenant? Why shouldn't we accept that as a fact?---I'm just saying that there is nothing here which says when it came into my email - into my possession. I don't know. It may be - the way this is set up, that's a draft email that is sitting in my draft email box - is my understanding, the time date stamped at the top of the draft email. That's all I'm saying. I'm not - - - 20 30

It couldn't have come in before 3 August, could it? Sorry, I withdraw that. It couldn't have come in before 2 August, could it?---I don't know.

Mr Porter didn't meet with the under-treasurer till 2 August. Yes?---I don't know that fact. 40

Yes, 2 August. Yes?---I don't know that was the case.

"We had a session today with Bradley, Ford, Perrott and a few others." Do you see that?---Yes, I do. I just don't know in looking at this that they - this does not say that they had that meeting on the 2nd. That's all.

What does the notation 9.39 pm to mean then? Isn't that the time that you received the email?---I don't think so because this isn't a received email. This isn't an email - this is an email that I received from someone. This is - my understanding, this was sitting in my draft email box. 50

Who sent it to you?---I don't know.

Who sent it to you?---I don't know, Mr Flanagan.

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Mr Bloomfield, you do know and I'm going to ask you once more, who sent it to you?---I do not know.

You know Mr Pedler, don't you?---I do know Mr Pedler.

Do you know who didn't send it to you then?---The same way, I don't know that either.

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Do you know whether Mr Pedler sent you this email?---No.

It certainly wasn't Mr Porter from Accenture who sent you this email, was it?---I don't think so. That would be strange.

Strange indeed and it's strange indeed because it's actually a report of his meeting with the under-treasurer, isn't it?---Correct.

20

It contains certain intelligence which is the information of Accenture, is it not?---That's correct.

It's not your information, is it?---No. Correct.

It's certainly not IBM's information, is it?---No. That's correct.

You knew that at the time that you received this email, irrespective of who sent it to you?---Correct.

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You knew it was confidential information because it was information being conveyed by one tenderer or one proponent in response to Mr Burns' email of 25 July to the under-treasurer and to Ms Perrott?---That's right.

So you knew it was confidential, didn't you?---Yes.

So what did you do when you received this email?---At first I was very concerned and very shocked that this would be something that Simon was pursuing; that he was trying to influence Ms Perrott and that concerned me greatly.

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Did it concern you that you had received information or intelligence of a meeting that had occurred recently between Mr Porter of Accenture, your prime rival in this process, and the under-treasurer? Did that fact concern you?---It concerned me that that would be sent to me. Correct; because I didn't request this email to be sent to me. I didn't inquire about it or ask information about it. It was merely sent to me.

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You remember that, do you?---I would remember it if I asked someone to get this intelligence for me, absolutely.

You would think so, wouldn't you? You would think you would remember that, wouldn't you?---Correct. 1

You would think you would remember who sent it to you, too, wouldn't you?---Not necessarily.

COMMISSIONER: Even though it was shocking?---Yes, that's right. Correct. That's correct.

Tell me, why doesn't the time 9.39 pm indicate when it came in?---I suppose, Mr Commissioner, all I'm saying is that if this was a print-out of an email, a received email, the 9.39 at the top would reflect when it came in. However, this is not an email of that nature. This is an email, as I understand it, that was in my draft email box at that time. So my understanding of that would be I went into - - - 10

Why would a draft - this is an email you received, obviously. Why would it be in your draft box?---Because ultimately I was working on it to put my forwarded comments on it to Mr Surprenant. 20

All right. Then there's a 9.39 there, if it doesn't indicate when the email came in to your inbox when you worked on it as a draft?---Correct. That would be my guess that that was sitting in my - the last time I touched it in my draft email box was that date.

Then you worked on it for six minutes and sent it off to Mr Surprenant at 9.45?---Correct. 30

It wouldn't take you long to write the - assume, looking at the next page - those four lines of what you've added and changed the subject?---Correct.

So that's about six minutes' work?---Probably at that time of night.

All right. The fact that you sent it on at 9.45 at night suggests that you thought it was important?---I was concerned about it. I was, no doubt. 40

But not to report it to CorpTech or Ms Perrott?---Correct; and part of my - in reading this, my talking about it, speaking about it on Sunday would have been in my head as to what do we do with it. Do we bring this to the attention of CorpTech?

It's one thing you don't say, isn't it?---Pardon? 50

You don't say, "Shall we tell Ms Perrott about this? Porter behaving badly." You say, "We can speak on Sunday about how we allow for this in our presentation"? ---Correct. Do we bring - - -

If we just get back to the timing, you say it was shocking. 1  
You say it was important. You sent it on to Mr Surprenant,  
what I regard at late at night. That would suggest,  
wouldn't it, that you acted on it pretty quickly, having  
got it, you acted on it pretty quickly?---Potentially. I'm  
not sure either way, but I could have, yes.

All right?---I'm not saying I didn't.

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MR FLANAGAN: When we look at the content of the email itself, the subject is, "Did you speak with Barb this week?" That is actually Mr Porter's subject matter, is it not?---Correct.

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It's not your subject matter?---I think that's the case.

All right. Do you recall, when you received this email, that it had a notation from anyone on it, that is, "For your information, here's some intelligence I received, here's the document you requested," anything like that? ---No.

10

Do you have any memory of what the notation was that accompanied this email when it was sent to you?---No, I do not.

You do not?---No.

Why are you so uncomfortable in just giving us the name and telling us what was written with this email, why can't you just do it?---Simply because I don't know, I said before I don't know who this has come from.

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You're not going to give us the name, are you?---I can't - I'm not going to make up a name.

You're not going to make up a name?---I'm not trying to make up a name; I do not recall who sent this to me.

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Is there a reason you're not giving us the name, Mr Bloomfield?---It's because I don't remember.

Did you request this information from anyone?---No, I did not.

I'll ask you that question again, and just think about it. Did you request this information from someone?---No, I did not.

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COMMISSIONER: Mr Bloomfield, is it right? I mean, you obviously received the email?---Correct.

And then you put it in your draft box, did you, so you could edit it?---As part of editing it, it might ended up in my draft box, correct.

All right. We have, as you know, many emails that you sent and you received over this period, but the original email from whoever sent it to you isn't apparently retrievable, so we're told, from your email records. Can you explain that?---I'm not sure why that's the case, I don't know. It may have been deleted, it may not have been archived correctly, I don't know.

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But we're looking at all these old emails, they would have all have been deleted, wouldn't they, at the time?---They were all archived out of my inbox into another archive. 1

Does that happen automatically over time or after time? ---Correct. It does. There's rules you set up for that to happen on a periodic basis.

So all the emails we've got that indicate your communications over this time, they've come from IBM's archives of your emails?---They've come from my archive in my emails. 10

But you can't explain why this one is not there?---No, I can't.

MR FLANAGAN: Do you have a personal email account?---A personal email account? Yes, I do.

Is it a personal email account that you would use for late at night?---No, I work on IBM work quite late at night. 20

Could this email have been sent to your personal email account?---Possibly. I don't know.

Is your email account that you had as at 3 August 2007 the same email account you have now?---I don't think it is.

What was the email account that you had as at 3 August 2007? I don't want you to give it in public, but if you could write that down for us that would be appreciated?---Okay, sure. 30

Would you write it down now, please? Thank you. In relation to the creation of this document then, do we take it that the top part of the document which has "Lochlan Bloomfield, Australia IBM, 3/8/2007, 9.39 pm" and the subject forward, "Did you speak with Barb this week," is the top of the email that you received. Yes?---No. 40

That is, how does one construct this document where you redraft it so that you take out the body of the email to send it on to Mr Surprenant?---Sorry, which question do you want me to ask, the first one? Answer the first one?

Yes?---The first one is: no, I don't think that is the case, that this is the header of - as I explained to Mr Commissioner before, that's not the header of the received email. 50

All right. How was this document constructed then? What do you do to construct this document? Sorry, what did you do to construct this document?---Potentially, I've forwarded it from - I don't know, it says "forward", so forwarded it from where ever else - whoever sent it to me into this particular document, I suppose.

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Is that all?---Well, to the extent that then - it doesn't have anything else so I'm not sure if there is anything at the bottom of that, but obviously she was - I don't know.

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But do you copy - - -?---It could have been.

Do you copy the content of the email so that when you forward it to Mr Surprenant 3/8/2007, at 9.45 pm, Mr Surprenant will not know who sent you the email, correct?---Potentially, yes.

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What do you mean "potentially", that's the reason for it, isn't it?---Yes, could be.

So you've gone through the process of copying the content of the email so as to hide who sent it to you before you pass it onto Mr Surprenant. Yes?---Correct. I suppose I didn't think it was relevant to Mr Surprenant.

Don't worry about that. The reason, Mr Bloomfield, that you copied it without the name of the person who sent it to you before you sent it onto Mr Surprenant is that you didn't want Mr Surprenant to know the name of the person who had sent you the email, did you?---I didn't think it was relevant to him, no.

20

You didn't think it was relevant to anyone?---Correct.

You see, when you send the email onto Mr Surprenant, you actually ask him, "Please keep this to yourself," don't you?---Correct.

30

All right. So you want the sharing of the information to be limited as between yourself and Mr Surprenant. Yes?---Correct.

But in terms of the information you're passing onto Mr Surprenant, you did not want to give him the name of the person who sent you this email in the first place, did you?---No.

40

Because you didn't want him to know your source, correct?---Once again, I didn't think that was relevant to him.

It's a correct proposition that you didn't want him to know your source where you got this intelligence of a meeting between Accenture and the under-treasurer that happened the day before?---It did not strike me as being relevant to - - -

50

So you're saying the only reason you didn't pass on the email or simply forward the email by pressing the forward button to Mr Surprenant is because you thought it wasn't relevant to him to know your source. Yes?---And as I said before, I thought it was shocking that this would be sent

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through, and hence that particular event is something that we needed to consider on how we dealt with it. 1

You thought it was shocking that this information was given to IBM. Yes?---Correct.

Is that why, in passing on this email to Mr Surprenant, you say, "Following is an email sent from Simon Porter to a mutual friend in the industry who knows Barbara Perrott, he gives us some insight into Accenture's thinking. We can speak on Sunday about how we allow for this in our presentation," yes? The presentation you're referring to there is the presentation you gave to government officials on 6 August, is it not?---Correct. 10

And what you're talking about with Mr Surprenant is how you use the intelligence that you had received from a source you won't tell us about, how you were going to use that intelligence in your presentation to the government. Yes? ---No, how we allow for it. 20

How you allow for it? What's the distinction?---Well, for example, the way you would phrase that would mean that we would actually change our presentation in some way, as opposed to, as I've said before very clearly, the only thing that was new to me in this was the not to exceed price. So there was a concern that I had that we would be getting questions and pressure in our presentation while we're discussing this and on our feet in front of the client, that we did not offer a not to exceed price, and we may be under a lot of pressure to do that as well so we needed to make sure that we had - we were prepared in the question and answer session for that particular question. 30

I'll show you how you used this information, but you did use this information, didn't you?---I don't think we do.

You see, when it says "not to exceed budget figure", that was the first time you found out that Accenture was intending to give a not to exceed figure, didn't you?---I don't think I recalled it before that, no. Correct, that's the first recollection I had of that. 40

That's the first time you know it?---Correct.

And it's also the first time you know that Accenture is going to take six months to transition. Yes?---Yes, but that wouldn't surprise me, had they have asked me I would have said it would have taken about that long. 50



You can say that, Mr Bloomfield, but the facts speak for themselves. The transition period identified by IBM in the ITO is exactly half of the six-month period, it's three months. Yes?---Yes. 1

And the price given for the transition of three months by IBM in the ITO is I think almost a tenth of the amount of that Accenture quote for the transition. Correct?---Yes. We must have - sorry? I don't know the Accenture price for transition but - - - 10

But - sorry, I will let him finish?---I would expect then from you saying that that our approaches to transition were very, very different so it wasn't simply a matter of us cutting in half what Accenture had, we took a very different approach to transition obviously.

But it helps in determining your approach to transition to know that Accenture is going to have a six-month transition, therefore it would be to the benefit of IBM to have a shorter transition, surely?---Possibly, but if you actually examine the figures, our transition of three months added up to - I think from my recollection \$294,000 which is a very small amount of money compared - even if you double it, compared to the \$98 million of our bid so it wasn't a very significant part of the pricing. 20

Mr Bloomfield, any intelligence, any intelligence, from a competitor in a process whereby you are trying to win the biggest ICT contract awarded in Queensland is vital, isn't it?---No. 30

It's important information, isn't it?---No.

And if you didn't think it was important information, you wouldn't have sent that email to Mr Surprenant to say, "We can speak on Sunday about how we allow for this in our presentation." Yes?---How we allow for it? As I have explained to you, the thing that was meaningful to us we didn't know before about the not to exceed price and we did not change our price the way - to copy what they had done, we stayed on the same course. 40

Quite, but knowing that your competitor is going to put a do-not-exceed price, you can at least be ready in the presentation on 6 August 2007 and indeed in any ITO presentation to say, "This is why we're not going to have a do-not-exceed price. If we're asked for it, we will be ready to respond." Yes?---Correct. I just mentioned that, correct. 50

Yes. That's exactly how you used part of this intelligence, isn't it?---That's the only thing I can speculate now. I can't remember how we used it or if we had used it at all.

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Let's not speculate. Let's look at exhibit 34, shall we. We know from the last paragraph of exhibit 36 that at least by 3 August 2007, someone had told you that from this RFP process they would follow it up with a formal RFO stage. Yes? ---Sorry, Mr Flanagan, is that this letter - - -

1

Yes, exhibit C, 6 - from the last paragraph and we have already asked you questions about this?---Yes.

You knew that this RFP process was going to be followed up by a more formal RFO process. Yes?---Once again, I don't - my experience in government wouldn't mean that they would need to do that.

10

But you knew it for a fact. It doesn't matter who told you this, let's put that aside for present purposes. You knew at least unlike Accenture that as at 3 August 2007, there would be a formal process after this RFP process. Yes?---I was of the strong opinion that that would be the case and this stage would be followed up. I was very confident. I couldn't tell you why I was confident except for the fact that that's my expectation, they couldn't award on the back of this.

20

I'm not worried about who told you at this stage, I'm just asking you that that was your belief at the time. Yes? ---Absolutely.

So when you receive information which is the intelligence contained in Mr Porter's email sent to someone else and then given to you by whatever process, that was information that you could use not just for purpose of responding to the RFP, it was information IBM through you could use for the purpose of responding to the ITO. Yes?---To its limited value, yes, but - - -

30

Sorry, I can't hear you. What did you say just before then? Did you agree with the proposition or not?---Well, it's of value but at the end of the day, our - - -

40

Sorry, can you answer my question first. Given that you were given this information through Mr Porter's email, it was information that you could use not just for the RFP process but also for the ITO process. Yes?---If we chose to use it.

If you chose to use it?---Correct.

All right. Let's look at exhibit 34 then. This is called a complex deal meeting, dated 20 August 2007. Now, what I didn't do yesterday was tender the recipients of this email from you. May I do that now. May I do it after lunch. I did have it. In any event, it would seem that this particular document called complex deal meeting, 20 August 2007, is sent to numerous IBM representatives. Yes?---Yes, that's correct.

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Including Mr Colin Powell who was the head of - general manager of IBM Asia and Australia. Yes?---Yes, that's correct.

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Now, the people that it is sent to are all very senior IBM persons. Yes?---Correct.

The nature of a complex deal meeting is to have a number of minds turned to what constitutes in IBM's term a complex deal. Yes?---Correct.

10

This was viewed as a complex deal. Yes?---Yes, it was.

And also it was known to you at least and to Mr Munro and to Mr Surprenant that this was the highest or the biggest ICT contract going with the Queensland government at the time?---Correct.

Correct. Now, is there a particular threshold that one reaches before you have a complex deal meeting?---There always is. At the time, I could not tell you what that is. At this point of time - well, sorry, at this point of time there are many complex deals depending on what size the deal is, it depends on what attention it gets.

20

Sorry, could you just repeat that?---The threshold changes from time to time. I can't recall what it was then.

What was the threshold reached for this to be described by you in this document as a complex deal?---I could not tell you.

30

You're the author of this document?---Correct.

Given the nature of the audience you're informing, you want to ensure this document is as accurate as possible?---That's correct.

And that it will bring to the attention of those senior IBM representatives the necessary and salient facts they need for the purpose of discussing this complex deal?---That's correct.

40

All right. Indeed, you wouldn't put something in here that you didn't consider to be significant or that you didn't consider to be important for the purpose of informing both your superiors and the other persons from IBM who were part of this deal?---Correct. I think there is certainly - the number of things they may have not considered significant that I thought were worth explaining.

50

Can I just turn then to page 7 if we start with exhibit 34. Were you assisted in authoring this document or is it entirely your own work?---Multiple people contributed to this document.

But you were the person responsible for it?---Correct. 1

So at page 7 you outline since my - that is LB commencement in late February 2007?---Yes.

You identify what you have been doing. Yes?---Yes, correct.

And then if you turn to page 8, in the second dot point, you say that Gerard Bradley, that is the under-treasurer - - -? ---Yes. 10

- - - has stated that remaining budget is 108 million, however, "If CorpTech can demonstrate the performance has improved, Gerard would request extra funding from parliament to complete implementation." Do you see that? ---Yes.

Now, that is directly from Mr Burns' intelligence given you to you in volume 33-2 page 424 that I have taken you to, isn't it?---That was one of them, potentially one of the sources. I could have had that confirmed somewhere, I don't know. 20

30

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No, no, no. The source of this information that you put in this document was Mr Burns, wasn't it?---It was the first time we would have heard it. Correct. 1

Yes. Indeed, you challenged me before. You said, "Look, it depended if parliament did it. It depended on how far one progressed," but this fact was sufficiently important and salient to you to put in this document, wasn't it? ---And once again, since that particular email, that was the end of July, I may have had it confirmed by somebody else. 10

Who?---I may have asked Ms Perrott about it. It may have come up, for example, in a meeting that Mr Bradley had with Nancy Thomas, for example. It could have been confirmed by any number of people because to allow us to focus on that as a key point in terms of what the budget was without confirmation and just - - -

COMMISSIONER: We know that Mr Burns gave you that information. Have you got a recollection that anyone else gave it to you?---No, but it may have been discussed in any number of meetings with Gerard Bradley. 20

And yet you have no recollection?---Once again, some of those meetings I didn't attend.

MR FLANAGAN: Could you turn to page 12 then, please? This is a document, Mr Bloomfield, dated 20 August 2007. So you've actually done your presentation to the government on 6 August 2007?---Yes. 30

You hadn't received any - sorry - you knew your proposal was being evaluated, didn't you?---Correct. I assume so, yes.

You knew all the proposals were being evaluated, didn't you?---I would hope so, yes.

You would hope so? Yes. Your belief, though, was that after that evaluation one would move to a more - the government would move to a more formal process. Yes? ---Yes. 40

But for present purposes, looking at the indicative pricing in the middle column, 156 million to 190 million, that is actually the range of indicative pricing given by IBM in its proposal to the government. Yes?---Correct.

Which is referenced at volume 28, page 597, 656. If we then turn to the next page, page 13 - and this is the indicative pricing internal view and it gives an IBM internal price range. Do you see that?---Yes. 50

For present purposes can I just ask you to note that the internal price ranging is in the range of those two figures shown at the bottom of the document?---Yes.

1

Can I then ask you to turn to page 14 where you discuss the risk to IBM?---Yes.

This document dated 20 August 2007 is actually a document created by you knowing that the government was going to go to a more formal process after the RFP. Yes?---I'm not sure if I knew at that point in time, if we'd been advised or not. I'd have to check the exact dates. I was expecting that would be the case. I wasn't sure if that - I'm not sure if that was confirmed on the 20th.

10

Did you, in any event, know that the process would be ongoing, either in terms of negotiation with Accenture and in negotiations with IBM?---Absolutely. Part of doing this was to make sure that we were ready for what was coming.

20

Exactly. So the risk - one of the risks you identify to your colleagues at IBM, including a number of your superiors, is that, "CorpTech may look for total not to exceed cap as part of prime contractor agreement with IBM responsible for delivering within cap budget"?---Yes.

So you identified that as a risk. Yes?---Correct.

The reason you identified that as a risk is that you had found out from Mr Porter's email that came into your possession that Accenture was going to go for a not to exceed price. Yes?---That's what I said before. Correct.

30

Correct? You used that intelligence, did you not, for the purposes of identifying to IBM executives, including your superiors, that that was a risk. In fact, that's the very first risk you identify?---Correct.

Yes?---Correct.

40

It's sufficiently important that you identified in this document for IBM executives. Yes?---Correct.

So that information that Accenture was going to use a not to exceed price was new information to you at the time you received Mr Porter's email. Yes?---Correct.

And it was important information. Yes?---It was something we didn't know. Correct.

50

It was important information. It was significant information because you actually identify it as a risk in this document, don't you?---Yes, but we didn't act on that.

I don't care whether you acted on it. I really don't care whether you acted on it?---So if it was - I suppose what I'm saying is if it was such a significant thing then we would have acted differently and we didn't. 1

You can have a fixed price, can't you, and a best estimates. Yes?---Correct.

In the end, you respond as you see fit to the ITO invitation. Yes?---Correct. 10

The ITO invitation was for fixed price or best estimates, wasn't it?---Correct.

And, indeed, Accenture in giving a not to exceed price could be seen as not compliant with the tender or not compliant with the ITO?---Once again, I'm not familiar with the proposal. I assume that they actually went above and beyond the fixed price and best estimates and offered a not to exceed as a cap on top of that, which is further than what was asked for. 20

Yes. But the risk identified here is quite different. The risk that's identified is that if one your competitors does a not to exceed price, that the government will call on IBM to do exactly the same and give a not to exceed price. That's the risk that's been identified, isn't it? ---Correct. Once it - - -

What you're trying to do is get a commercial advantage by being prepared to answer that case or that proposition when it's put to you by the government is to say, "This is why we're not doing a not to exceed price"?---Correct. 30

Correct. So in that sense it's significant and important to you, isn't it?---Once again, we're prepared to answer the question. We didn't move to offer our own not to exceed price.

There's a difference in the commercial world of being ready to answer a question, which might be the crunch question, and price is often the crunch question, isn't it?---In this particular arrangement? Possibly. 40

So the risk being identified is that IBM would not be prepared to answer the question and this risk being identified is saying, "Let's get ready to answer that question." Yes?---Correct.

All right. Let's just go on. Can I take it that that's the only source of the information you had to say that Accenture was going to do a not to exceed price was actually through Mr Porter's email. Yes?---I think so. Yes. 50

Can I take you then to page 16? You had asked Mr Surprenant in your forwarding email on the night of Friday, 3 August, to keep it to himself. Yes?---Correct.

1

That was to keep the fact of Mr Porter's email to himself. Yes?---Correct.

But you were quite happy to use the information in Mr Porter's email and share that with IBM, weren't you? ---At that point in time I didn't know how I was going to handle it - how we would handle it.

10

All right. But you do actually share it in this document by saying under IBM risk, "CorpTech may ask IBM to offer a not to exceed price. This is what Accenture will be saying." Yes?---Correct. That's correct.

So you've actually used in a very direct way, Mr Bloomfield, the information that you received surreptitiously through Mr Porter's email. Yes?---Once again as a risk, not as a proposed approach that we should follow a not to exceed price. I could have put a case to the complex deal board group to say, "We need to offer a not to exceed price and it should be this amount of money." I didn't do that. I just identified it as a risk, that taking the approach that we were taking may mean that we would have to answer some questions with regard to it.

20

My question is more specific. You used Mr Porter's information?---To make sure that we were prepared. Correct.

30

Is your answer, "Yes"?---Yes.

When you used that information in this document, you knew it was information confidential to Accenture. Yes?---I'm not sure.

What aren't you sure about?---Well, I'm not sure who else received that email. That email could have been sent to any number of people; that he could have told other people that you knew that. To answer your question was I sure that the only person that would know that. I don't know that.

40

When you used this information, you knew it was Accenture's information?---Correct.

When you received the email on the night of 3 August 2007, you knew you shouldn't be in possession of that information. You knew you shouldn't be - sorry, I'll rephrase it. You knew you shouldn't be in possession of a document that contained Mr Porter's review or notes of a meeting he had with the under-treasurer. Yes?---And that I didn't know what I was going to do with it at that point in time.

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The only thing you did with it at that point in time,  
Mr Bloomfield, was forward it to Mr Surprenant. There's no  
other document suggesting what you did with it other than  
that?---Correct.

1

Correct?---That's right.

The only thing you did with it was forward it to the person  
from IBM who was working on this bid with you?---Correct.

10

Yes?---Correct.

The only thing you did with it was forward it to the person  
who had been brought in by IBM to work on this bid with  
you. Yes?---Correct.

You asked him to keep it to himself. Yes?---Correct. So  
we could work out as to how it would be handled, which may  
include an escalation to Mr Bradley.

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COMMISSIONER: But did it?---No.

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MR FLANAGAN: Did you report the receipt of the email to Ms Perrott or Mr Bradley?---I wouldn't have probably taken it to Ms Perrott because she was mentioned in the email. 1

Are you saying that you told Ms Perrott that you received that email?---No, I'm just saying that I wouldn't have taken it to Ms Perrott, I would have had to take it to either Mr Ford or Bradley above Ms Perrott.

Did you take it to either of them?---No, I didn't, and that may be an error - - - 10

Then why waste our time saying what you might have done, you know very well you didn't do it. Yes, Mr Flanagan? ---It may be an error of judgement at the time not to put that on the table.

Are we to understand your evidence when you say, "The not-to-exceed price or the transition period of six months is not significant," what you're saying is that it's not significant because IBM didn't use it?---Correct. It did not change our approach or our offer. 20

All right. But it was sufficiently significant for you to report at least one of those facts in your complex meeting report?---As a risk.

As a risk? Thank you. Now, can I take you then to IBM's proposal? Actually, before I do that I'll ask you one thing. Immediately after receiving Mr Burns' email of 25 July 2007, did you instruct Mr Cameron to arrange a meeting with Mr Atzeni and a Mr Ferguson from Queensland Health for the purposes of coming down to IBM to explain the award structure at Queensland Health?---No, I don't recall doing that. 30

Do you recall a meeting one day immediately after receipt of Mr Burns' email of a meeting between yourself, Mr Cameron, Mr Atzeni and Mr Ferguson at the offices of IBM where they took around an hour to explain the Queensland Health award system?---I don't recall that meeting, no. 40

You don't recall it? And you don't recall giving an instruction to Mr Cameron to arrange that view?---No, I don't.

Thank you. Yes, I was going to take you to your actual presentation, but can I first go to volume 28, page 688?

COMMISSIONER: What page, I'm sorry? 50

MR FLANAGAN: Page 688. Just in terms of sequence, Mr Bloomfield, the email that you send for the complex deal meeting seems to have been sent just before - sorry, prior to you receiving notification from Ms Perrott that the

government would be proceeding with a RFO, yes?---It would appear so, yes. 1

If you look at page 688, it's an email from Ms Perrott to you, "Attached is a scanned copy of the letter regarding the outcome of the selection process for services to support the Queensland government's Shared Services Initiative. Please contact Terry Burns on that number if you have any questions." And then you'll see that the letter states that Accenture's and IBM's responses were the most highly rated. Yes?---That's correct. 10

So you knew by 20 August that you would be entering into a formal RFO process or ITO process?---Correct. By the end of the day, by the close of business, yes.

Thank you. Just excuse me for a minute, Mr Commissioner. May I show you this document, please? This is simply an email that you send to the complex deals review; that is, it shows the same persons that you sent that document that we've been through. "Further discussions last night, we have now received notification from CorpTech that both IBM and Accenture had been down selected and invited to participate in the tender process to select a prime contractor"?---Yes. 20

"The RFO is due to be released to both parties late this week or early next week, there is no indication of the response time. However, we would like to get some indication today, it's expected to be a very tight time frame." I tender that document. 30

COMMISSIONER: Yes, Mr Bloomfield's email of - is it 20 August?

MR FLANAGAN: 20 August, yes.

COMMISSIONER: 20 August 2007 will be exhibit 38.

MR FLANAGAN: It actually might be forwarded on 21 August 2007. 40

COMMISSIONER: Yes, all right. The email of 21 August 2007 is exhibit 38.

ADMITTED AND MARKED: "EXHIBIT 38"

WITNESS: Mr Flanagan, I assume this is incomplete, though. 50

MR FLANAGAN: What do you say?---This doesn't nominate who I sent this to.

Sorry, go on?---Once again, the way you read these is the bottom section is the people I sent the complex deal deck to, and this does not have who I sent this to.

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COMMISSIONER: I see. All right?---This is not an exhibit that's complete. 1

MR FLANAGAN: All right. "Having said that, further to the discussion last night," the discussion last night was with whom?---I don't know. It could have been Peter Monroe afterwards, it could have been with any of the people on the list, it could have referred to this meeting, I'd have to look at the full complete version. 10

COMMISSIONER: I take it this came from IBM, has it?

MR FLANAGAN: Yes.

COMMISSIONER: Is this the best that they could give us?

MR DOYLE: No. There are preceding pages?---Thank you, Mr Doyle.

MR FLANAGAN: In any case, I tender that document. 20

COMMISSIONER: I might wait until Mr Doyle can give you a complete document.

MR FLANAGAN: I think we have it, I think I may have photocopied it wrong.

MR DOYLE: If it helps, we'll provide the bit that is the header. It's dated 21 August 2007, at 10.10 am, and we'll provide that over lunch. 30

COMMISSIONER: All right. When it comes it will be exhibit 38.

MR FLANAGAN: Thank you. Just going through some further emails provided on the Sunday, can I show you this document then?

MR DOYLE: That is it. 40

MR FLANAGAN: That is it?---That's it, I was going to say, then there were two.

Yes, if those two documents go together and constitute exhibit 38, please, Mr Commissioner.

COMMISSIONER: All right. Thank you.

MR FLANAGAN: Now, after that was announced that there would be a more formal RFO process, you'll see that Ms Perrott's email had invited you to ring Mr Burns. Yes? ---Correct, yes. 50

Did you then seek to arrange a meeting with Mr Burns on 22 August 2007?---I may have.

I'll show you this document. It might help?---Okay, sure. 1

Did that meeting take place?---I can only assume that it did.

So it's the first meeting that you have with Mr Burns after Ms Perrott has informed you that the government would proceed to an RFO process?---Yes.

Do you recall what was discussed with Mr Burns on this occasion?---No, I don't. Sorry. 10

We don't have any notes of this meeting, do we?---No, I don't think so. No.

Where did the meeting take place?---I assume it was in Mr Burns' office.

And the meeting invite doesn't have any particular venue, does it?---No. 20

I tender that document.

COMMISSIONER: Yes. The copy of Mr Bloomfield's electronic diary for 22 August 2007 will be exhibit 39.

ADMITTED AND MARKED: "EXHIBIT 39"

MR FLANAGAN: Mr Bloomfield, would you then look at this document, please? It's a document we've obtained on Sunday. It seems to be a general email to, "Dear IBMer," but it's an email that was sent to you on or about 22 August 2007 at 10.08 am. It's sent from the senior vice-president, legal and regulatory affairs and general counsel of IBM in New York?---Yes. 30

It seems that this is an email that was sent to you in relation to IBM's reputation for business integrity in the global marketplace and identified two particular codes or business conduct guidelines, one general and one specifically identified for dealing with government. Yes? ---Correct. 40

Did you ever read at or about this time the business conduct guidelines for IBM?---I don't recall. I thought I'd actually completed that before that time.

All right. Certainly, in relation to the guidelines for the public sector, had you read those guidelines?---Yes. Correct. 50

As I understand it, this email was sent to you simply because of the date that you had joined IBM. Correct?---I assume so, yes.

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As at 22 - sorry, I'll go back. As at 3 August 2007, did you have knowledge of what IBM's guidelines were for both the public sector and their general business guidelines?  
---Yes, correct.

1

Having received the Porter email, can you tell the commission what those guidelines required you to do with that email?---To effectively bring it to the attention of the relevant IBM staff, effectively.

10

It actually requires you to bring it to the attention of a superior, does it not?---Sorry. Yes, correct.

Yes. Mr Surprenant wasn't your superior, was he?---No. Correct.

In fact, Mr Surprenant was a person who was working with you, but under you on the bid?---Correct.

Yes?---Correct.

20

Your immediate superior, as you've told us, was Mr Munro, wasn't it?---That's correct. Yes.

Did you ever send Mr Porter's email on to Mr Munro?---I don't think so.

No. Did you report this receipt of Mr Porter's email and the intelligence. I think you speak to it in sending it on to Mr Surprenant as Accenture intelligence?---Correct.

30

Did you report the receipt of that email to any other person who was superior to you at IBM?---I'm not sure if I had a phone call with Peter Munro and discussed it by phone, but I can't recall. I may have because it was concerning to me.

You may have?---I can't remember. We talked a lot on a lot of things, so I may have brought it to his attention. I don't know.

40

The notation to Mr Surprenant, "Keep this to yourself," would hardly suggest that you reported it to Mr Munro or one of your superiors, would it?---Well, not at all; just to the extent that it's a large team of people we had there who were - a lot of junior people and that not to distribute that widely because, as I said before, we were still determining how we would deal with it.

Why didn't you send it on to Mr Munro immediately and say, "This has been brought to my attention. This has been sent to me. I did not solicit it. It contains information that would constitute Accenture intelligence. It's confidential information and I shouldn't have it. What should I do"?  
---I'm not sure.

50

We know, and we'll come to it shortly - - - ?---Sorry. 1  
Just to answer that, I may have thought it was best to  
speak to him in person about it as opposed to by email.

But you have no recollection of that?---No.

Right?---But that's the kind of thing that I would do if  
faced with that situation.

The reason you have no recollection of it is because you 10  
didn't do it, did you?---I can't recall it. It's as simple  
as that.

It's a pretty easy question to remember. You didn't tell  
Mr Munro that you had received the Porter email, did you?  
---I don't know. I don't know if I did or I didn't.

COMMISSIONER: Mr Bloomfield, what did the term IBMer mean  
in the organisation?---Someone who worked at IBM.

Is that an employee of IBM?---Correct. 20

MR FLANAGAN: I tender that document.

COMMISSIONER: Yes. Mr Webber's email to IBMers of -  
where's the date? Have we got a date?

MR FLANAGAN: 22 August.

COMMISSIONER: Yes, 22 August 2007, will be exhibit 40. 30

ADMITTED AND MARKED: "EXHIBIT 40"

MR FLANAGAN: May I ask you to take up exhibit 32 again,  
please?

COMMISSIONER: Sorry, where have you gone to now?

MR FLANAGAN: Exhibit 32, Mr Commissioner.

COMMISSIONER: Yes. 40

MR FLANAGAN: May I turn to page 4 of exhibit 32?  
Mr Bloomfield, you deal with this email, which is an email  
dated 22 August 2007, at 3.57 pm from Cheryl Bennett of IBM  
to yourself and a Rob Pagura. Who's that?---Rob Pagura.

Who's that?---Rob Pagura was responsible for the client  
executives that were dealing with public sector clients. 50

Cheryl Bennett's position?---Cheryl was one of those client  
executives, as was - Cliff Bailey is also on the list, so  
Cliff and Cheryl reported to Rob.

All right. Where did Rob Pagura - was he in fact Cheryl Bennett's boss at the time?---Correct; and sat outside of my team.

1

Did they both work at CorpTech?---No.

Where did they work?---They worked at IBM.

Were they involved with the Queensland government in any way?---Cheryl Bennett was involved with a couple of Queensland government accounts; one of which was Queensland Health, but it was Cliff Bailey that was responsible for any of the Shared Services type of work that was happening. So Cheryl wasn't involved with Shared Services.

10

Brooke Freeman?---She works at IBM.

In what position?---She was part of my team. I mentioned her before, a management consultant.

20

All right, thank you. So she was part of the bid team, was she?---Correct.

Was Mr Rob Pagura part of the bid team?---No.

Was Cheryl Bennett part of the bid team?---No.

What about - Chris Prebble certainly was?---Yes.

Cliff Bailey was?---Yes.

30

There's further persons in this email, which I think I've already tendered that document, but Jason Cameron was also a recipient of this email, was he not?---I think so. Yes.

You deal with this email at paragraphs 104 to 106 of your statement. Yes?---Yes.

Again, the nature of your evidence is that you don't recall this email or being sent this email until it has been shown to you recently by your solicitors. Yes?---Correct.

40

When you look at the email now, that you doubt that you gave any weight to it and its contents are not reflected in the work which took place on the ITO?---Correct.

50



You say, "Since seeing the email, I believe this is when I began to have a heightened concern that documents were being leaked out of CorpTech." Yes?---Correct, yes. 1

All right. Now, the email itself contains, it would seem on its face, information from CorpTech as to how the proposals of IBM, Accenture, SAP and Logica were evaluated in relation to the RFP process. Yes?---Yes.

That's what it is dealing with on its face, isn't it?---It appears to be the case, yes. 10

Now, "Hi team, I have just have some intel that I thought I should channel through to you all for discussion. This is evidently being fed through CorpTech today." Now, when you received this, did you ring Cheryl Bennett?---Cheryl sat beside me.

She sat beside you?---She sat very close to me so I saw her all the time. 20

All right. So when she sent this email from IBM, was she sitting beside you?---I don't recall that day but I would have - I probably would have seen her that day.

If you're heading a bid team and someone comes to you and says, "Look, here's some intelligence I got from CorpTech as to how the bid has been evaluated and what was seen as one of our weaknesses" - namely too much outsourcing overseas, you spoke to her about that, surely?---No. Well, it certainly wasn't overly helpful to us and it certainly - it was inappropriate for her to sending that stuff around and sending it to us. 30

Sorry, say that again; it was inappropriate for her - - -? ---It was inappropriate for her to be sending that through.

Was she disciplined?---I assume s.

Did you speak to her immediate superior, Mr Pagura?---My recollection is Rob and I had a quick discussion about the fact that this was inappropriate and wasn't helpful. 40

THE COMMISSIONER: She sat next to you. Did you speak to her?---I may have, I may not - I don't know, I didn't think. I thought it was probably more appropriate to talk to her supervisor.

MR FLANAGAN: You see, I suggest that Ms Bennett was not disciplined by anyone at IBM. She certainly wasn't disciplined by you, was she?---It wasn't my job to discipline her. 50

No?---She wasn't in my team and she didn't report to me.

THE COMMISSIONER: Sorry, I thought - she was or wasn't on your team?---She wasn't in my team. 1

She wasn't in your team?---No. She was not on my team. It was not my job to supervise her, it was Rob's Pagura's job to do that.

MR FLANAGAN: So are you saying you would have or you have a recollection of saying to Mr Rob Pagura, "This is inappropriate that she has shared this information with IBM"?---I think that's what I did, yes. 10

You think that's what you did? So this is the first time you have actually have a recollection of something, is it? You think you did it, did you?---Yes, I think I did.

You think you did. What happened to her then?---I don't know.

Let's test it this way: working side by side, was it desk by desk or office by office?---Desk by desk. 20

Desk by desk. Did she ever say to you, "Thanks for dobbing me in" or "talking to Rob Pagura where I got in trouble for this"?---No, no.

No, nothing happened like that?---No.

And you continued to work side by side, desk by desk, day after day, didn't you?---Well, we weren't always in the office so I wouldn't see her all the time. 30

Yes. See, we see your form already, Mr Bloomfield, that when you get intelligence from Accenture of a meeting with the under-treasurer, we know what you do with it. Now, why did you think - why did you suddenly change tack and think, "This was inappropriate to have this information but it's not inappropriate to have the information you got from Mr Porter"?---Again, I forwarded through the email from Mr Porter, not knowing what we should do with that. 40

You didn't forward it to a superior, you forwarded it to someone who was working with you closely on the bid. Yes? ---Correct, to discuss how we were going to handle that, how it would be escalated by either inside IBM or to CorpTech themselves.

You see, I suggest the evidence that you just gave then was false, wasn't it?---No. 50

You actually gave false evidence just then saying that you talked to Mr Pagura saying to him that this was inappropriate conduct on the part of Ms Bennett?---I really do recall having a conversation to make sure that she understood, that they understood, that this was inappropriate.

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But you didn't take that same action when you received  
Mr Porter's email, did you?---I don't know what occurred in  
terms of discussion because it wasn't a discussion I could  
have in passing with my boss. Peter Munro was not in  
Brisbane office so I would have to call him about that.

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Is this a convenient time, Mr Commissioner?

THE COMMISSIONER: Yes, it is. We will adjourn until  
2.30.

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THE COMMISSION ADJOURNED AT 1.05 PM

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THE COMMISSION RESUMED AT 2.32 PM

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MR FLANAGAN: May Mr Bloomfield be shown volume 32, page 89?

This is the dry run request for meeting, Mr Bloomfield?  
---Yes, correct.

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As you sit there now, is your best recollection that it was you who sought the meeting with Mr Burns and Mr Goddard for the dry run of IBM on 3 August 2007?---I really don't recall how it came about.

All right. But from that email would you agree with me that it would appear that you're the person who's doing the inviting for the meeting?---Correct. I sent the meeting invitation.

20

Thank you. Can I just take you through very quickly a short series of emails starting with this document, which is dated Monday, 9 July 2007, at 6.39 pm? It's to you, Mr Porter, Mr Peck from SAP, and Cathy Ford, and the subject is "Logica CMG and the solution restatement". If I could show you that, please. Actually, I'll ask you to read three emails in a row, if I may? The second email is then from Mike Duke to Simon Porter, yourself and others, dated 10 July 2007, at 10.43 am, and then it finishes with an email from Chris Peck, dated 11 July 2007, at 8.59 am, again, to Mr Duke, Simon Porter and yourself and others. I tender those three emails as one exhibit, Mr Commissioner.

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COMMISSIONER: Yes, the emails between Mr Duke, Mr Porter and Mr Bloomfield and others of 10 July 2007 together will be exhibit 41, I think.

ADMITTED AND MARKED: "EXHIBIT 41"

MR FLANAGAN: Thank you. Mr Bloomfield, when Kirsty Trusz from CorpTech first wrote requesting presentations by the various external service providers to CorpTech, were there meetings or at least communications between the main players, namely, Logica, SAP, Accenture, and IBM, and SMS - - -?---Yes.

40

- - - in relation to putting a joint proposal to Mr Burns for the purpose of going forward?---Correct.

Now, by that stage, which is July 2007, what was IBM's view, or at least your own view, as to a joint enterprise or a joint proposal being put to Mr Burns by all external service providers?---I was in favour of exploring it. My view, as I explained this morning, was that at that point in time the likelihood of this progressing as an

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opportunity which will be able to take over a significant amount of work from the other players would be fairly unlikely, and so this supported an ability to add value to the overall engagement in a team collaborative approach, I was certainly in favour of it.

1

What happened to the proposal?---I don't thin there was ever a proposal per se, the concept of a proposal effectively didn't see the light of day, it didn't progress much further than some initial discussions.

10

All right. Thank you. May I then take you back to Ms Bennett's email of 22/8/2007, which is part of exhibit 32?---Yes.

And could Mr Bloomfield be shown the blown up version of volume 6, page 135, please? Mr Bloomfield, you can take it that this is an evaluation done of the various proposals in response to Mr Burns' email of 25 July 2007, and you'll see that Accenture is in the yellow, IBM is in the dark blue, Logica is in the light orange and SAP is in the lime or green. Yes?---Yes.

20

If you turn to page 3 of that document, you'll see there's grand totals given in terms of evaluation scores?---That's the same as this. There's a heading that says Grand Total, and for Accenture the grand total is 76?---Yes.

Do you see that? Which is the score identified by Sheryl Bennett in her email to yourself and others on 22 August 2007. Yes?---Yes, correct.

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IBM is at 68 per cent. Do you see that?---Yes.

And then it says in her email, "IBM are perceived to want to offshore more than Accenture." For that purpose, can I ask you, on the same page, to go to the very top column and at the second bright yellow column you'll see in relation to IBM, "60 per cent offshore with 30 per cent of these coming onsite, CT to resource with IBM as final selector. CT to up-skill, train in better resources." Do you see that?---Yes.

40

Now, you've told us that when you received this email from Ms Bennett sits beside you at IBM, your concern was such that you have some recollection of speaking to Mr Rob Pagura?---Pagura?

50

How soon, according to your own recollection, did you speak to Mr Pagura following on from receipt of this email?---I'm not sure. There's a vague recollection, so - I don't know - within 24 hours, I suppose.

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When you say you have a vague recollection, do you have any recollection of this occurring?---Well, a vague recollection.

What was said?---That this is inappropriate and this isn't - it's probably just scuttlebutt, anyway, so it's inappropriate to be sending around this kind of information.

10

You would expect in the ordinary course of events at IBM that if you made that comment or made that complaint about Ms Bennett to Mr Pagura that he would pass your comments on to her. Sure?---I'd expect so.

You would expect so?---Yes.

20

Do you have any knowledge of your comments being passed on to Ms Bennett?---No, I don't.

Do you have a vague recollection of a conversation with Ms Bennett where she said to you or discussed with you the fact that you had considered it inappropriate that she was passing this information on to you?---No.

Could you just note the date of this email. It's 22 August 2007. Do you see that?---Yes.

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Can I specifically suggest to you that Ms Bennett was not in any way disciplined by IBM for this?---I couldn't comment on that particular statement.

Can I suggest also that even though you have a vague recollection, you actually did not at any stage bring this email to the attention of Mr Pagura for the purpose of making a complaint as to its inappropriateness?---Sorry, is that a question or a - - -

40

It is?---No, I don't think that's the case at all. That's the appropriate thing to do, considering. Rob Pagura was actually a recipient of the email himself.

Can I take you to the next email in this sequence which you'll see is an email from Joseph Sullivan to yourself and Jason Cameron or a copy to Jason Cameron dated 29 August 2007?---Yes.

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Just before we come to this email, may I take you to paragraph 107 of your own statement?---Thank you.

In that paragraph you say, "To the best of my recollection," and can I just test that? When you talk about to the best of your recollection, is this a vague recollection you have of talking to Mr Pullen or a specific recollection or what?---I can remember some of it. I remember it being brought to my attention.

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By whom?---I thought it was Keith Pullen.

You've only named Mr Pullen, haven't you?---I have.

10

You haven't named any other person as bringing this to your attention, have you?---No. That's correct.

All right. "Another IBM employee working from time to time at CorpTech under the HRBS contract expressed a concern to me that he believed Accenture had access to what IBM had presented to CorpTech." It's a specific concern that's being expressed there. So your recollection is that when he expressed his concern to you it was that he believed Accenture had access to what IBM had presented to CorpTech; that is, your 50 or so page presentation made in response to Mr Burns' email. Yes?---Correct.

20

From the evidence here, you know that Accenture actually put in a 111-page response with a not to exceed price. Yes? You know that?---I know that there was a - it was brought to my attention as part of this that it was over 100 pages. Correct.

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Yes, together with a 57-page slide presentation. Yes? ---Yes.

They were the entrenched people at CorpTech at that stage, weren't they?---Absolutely.

You knew they were the real competition to beat, weren't they?---Both Logica and Accenture had very large teams there, so they were both teams to beat.

40

Quite but Logica was only dealing with finance, was it not? ---Correct, and Accenture was only dealing with HR.

Yes, all right. Can I suggest to you that - first of all, can you tell me where Mr Pullen was physically located in relation to his duties with CorpTech?---When he was working at CorpTech, he was working on site with CorpTech. I cannot recall when he finished working with CorpTech and when he did finish working with CorpTech he was working back in the IBM offices with us.

50

Just in terms of his job with IBM, he was an IBM contractor at CorpTech in 2007. Is that right?---An IBM employee, yes.

His role was managing resource requests from CorpTech for the supply of specialist resources. Did you understand that to be his role?---Correct. 1

So if CorpTech would make a request to him for a resource person, he would liaise with the appropriate vendor, either Saba or RASP, ASP and - RecruitASP?---That's correct.

And Workbrain. Yes?---Yes. 10

He would then arrange for those resources to be provided to CorpTech. Yes?---Correct.

Can I suggest to you that he did not physically sit or work at CorpTech's premises?---He may not have. He also may have had a desk down there. I'm not sure.

Can I certainly suggest to you that he had no access to CorpTech's computer network?---That could be the case. I don't know. I'd have to check. 20

He certainly never had a log in to CorpTech's network? ---Okay. Once again, I don't know that's a fact.

All right. Did you understand that Mr Pullen's main contact or, indeed, his only contact at CorpTech for the purpose of him doing his job for IBM was Maree Blakeney? ---That would be his primary contact, for sure. Maree was responsible for handling resources. 30

Can I suggest to you that Mr Pullen never, never raised the concerns you've identified in paragraph 107 with you? ---That could be the case. I've got a recollection that it was him, but it could have been someone else.

So do you accept that it was not Mr Pullen who raised these concerns with you?---No, I don't. I mean, to the extent that Mr Pullen may not recall it, I recall it could have been him, so my recollection is different to his, for whatever reason. That's not to say it definitely wasn't him. 40

You see, I suggest to you that what you've stated and sworn to in paragraph 107 of your statement that it was Mr Pullen who expressed the concern to you that he believed Accenture had access to what IBM had presented to CorpTech is in fact false?---I don't know if that's the case or not.

All right. I'm putting it to you directly. Mr Pullen never had a conversation with you expressing that type of concern?---Okay. 50

Do you accept that?---I accept that that's based on what you're saying, that is his recollection. I assume, but as I said before, it was a long time ago and his recollection



could be different to mine, but as I've said here as well, to the best of my recollection it was Keith. It may have been somebody else. I said that before.

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You see, if his main contact at CorpTech was with Maree Blakeney and his physical situation was at IBM and he didn't have access to the network of CorpTech for the purposes of either logging in or using it, how would it be him who was expressing such a concern to you?---Because he heard it. He heard it from someone down there.

10

You see, there's another reason why you might have stated that it was Mr Pullen that brought this concern to you because what I'm suggesting is that no-one brought a concern to you. The reason that you've referred in paragraph 107 of this concern being raised with you is to cover your conduct when you deal with Mr Sullivan. Yes? ---No.

No?---No.

20

Because when one reads Mr Sullivan's email, which we'll come to next, the ordinary and natural meaning of that email, Mr Bloomfield, I put to you is that someone had requested Sullivan to check the CorpTech network for the purposes of looking at other vendor proposals or looking at vendor proposals?---Right.

Yes?---Yes.

30

Did you request Mr Sullivan to check the network for the purposes of finding the vendor proposals?---No, I don't recall.

You don't recall? You don't deny that you may have done that, though?---Possibly. I certainly don't recall it.

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We know how you had used the information that you got from Mr Porter, or someone sent that information to you from Mr Porter. We know how you used that and you were going to allow for it in the presentation and we know that you used some of that information in the complex deal document which you were responsible for on 20 August 2007. Why should we accept that Mr Sullivan's email isn't exactly what it is; namely a request by you for him to search for the vendor proposals including Accenture's proposal that they had put in response to Mr Burns' email?---Because it isn't true.

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Can I go to the email? Can I ask you first of all to note that whilst Mr Cameron is copied into this email, it's an email addressed to you? Correct?---Correct.

So Mr Sullivan is reporting back to you, isn't he?---He is certainly sending me an email. The first paragraph is specifically a question I had asked him to get back to me on.

20

Yes. We know that Mr Sullivan was working at CorpTech, was he not?---Correct.

And he had been involved in the Workbrain proposal with CorpTech. Yes?---Correct.

He had assisted you in achieving the successful granting of that contract to IBM for the Workbrain implementation. Yes?---He was involved in putting together our pricing and estimates for it. The success, as you say, would have been I would argue back in April when they came to us directly and said, "IBM, we just won't work with you on this particular" - that I would deem success.

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Now, Mr Sullivan had a CorpTech address, did he not? ---Correct.

If one needs a reference to that, if I can show you volume 33-2 page 134?---Sorry, Mr Flanagan, what page?

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Volume 33-2, 134?---Volume 1 or volume 2?

Volume 2?---I don't have 134. I think it's volume 1.

It's in tab 35.14, item 35.14?---Yes, volume 1.

It's actually volume 2. 33-2.

THE COMMISSIONER: It may be but logically it ought not be.

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MR FLANAGAN: I see.

Do you have page 134 there?---I have on volume 1, correct.

Thank you. You see its an email from yourself to Joseph Sullivan and the email address that you have used for him is at corptech.qld.gov.au?---Correct, yes.

1

This is dated 2 May 2007?---Yes.

So he had been working at CorpTech at least since May 2007, hadn't he?---Yes.

Yes. Now, in relation to working at CorpTech since May 2007, what was his primary role?---He was one of our IBM employees working on the Workbrain design phase.

10

Now, the first paragraph of that email deals - sorry, the first paragraph of the email in part of exhibit 32, you can put that volume aside - - -?---Yes.

- - - deals with an administrative matter, does it not?  
---Correct.

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"I have spoken to resource management and they said they have no issue with me starting for the next week to work on the RFO and possibly beyond." Yes?---Yes.

He had worked on the RFP with you?---I'm not sure. I couldn't - I don't recall. He could have.

He could have, all right, but he was going to work on the RFO with you, wasn't he?---Correct, clearly.

30

Did he actually work on the RFO with you?---Yes, I think he did.

All right. And you don't recall whether he was working on the RFP with you?---I don't recall.

He had certainly worked with you in terms of getting the Workbrain work from CorpTech, hadn't he?---Correct.

"Now, as I told Jason this morning" - and that's a reference to Mr Cameron, is it not?---Yes.

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*I have been unable to locate any of the vendor proposals from the G drive. One of the government guys who told me he has looked through them all said that they have all been removed along with quite a few other directories that were with them so it looks like we were just a little bit too late*

and you replied to him on the same day, "Thanks for the update"?---Correct.

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Now, when you say, "Thanks for the update," are you saying, "Thanks for the update" for paragraph 1 or paragraph 2 of that email?---I don't know. I can't recall what I was thinking at that time.

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You don't know, all right. "I have been unable to locate any of the vendor proposals on the G drive." That would suggest, would it not, that he has been requested to do this. Yes?---I would assume so.

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If I can take you to your statement, at paragraph 109 you say what he refers to in the second part of the email is likely to have been an attempt to verify whether IBM's proposal was available to its competitors who had a large number of representatives working at CorpTech's offices with access to the LAN. Yes?---Yes.

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Did you request him to do that?---Like I said before, I do not recall asking him to do that.

THE COMMISSIONER: You say you can't recall?---I can't recall asking him to do that, no.

MR FLANAGAN: Mr Sullivan wouldn't have done it on his own initiative, would he?---Possibly not.

20

You see, in this email, he is reporting back to you about two things; one is an administrative matter, and one is an attempt to search for vendor proposals on the G drive. Yes? ---Correct.

And vendor proposals, you agree with me, would include Accenture's 111-page proposal?---Correct, and ours.

And yours?---Correct.

30

All right, but it at least includes Accenture's proposal, does it not?---Correct. Well, from judging by this from what we had been told, they were all together.

When it says "one of the government guys", is a government guy there a reference to an IBM person who works in government? ---No, I assume it's someone who is working down at CorpTech.

40

Is that the language you used of people who worked at CorpTech, "government guy"?---It's not terminology I would use.

All right. You had told me that he had looked through them all; that is, all of the proposals. Yes?---Correct, yes.

But what Mr Sullivan communicates to you is this: "So it looks like we were just a little bit too late." How did you interpret those words when you received this email?---I don't know. I don't remember receiving this until it was given to me three weeks ago or so.

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See, what I'm suggesting to you, Mr Bloomfield, is that you actually instructed Mr Sullivan to attempt to find the

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vendor proposals so that you could use the information in Accenture's proposal. Yes?---No. 1

And that was true to your form, wasn't it, because you were quite willing to use Mr Porter's information from Accenture, weren't you?---No.

But you did?---No.

You did use Mr Porter's information, didn't you?---To identify as a risk. 10

Well, that's use of the information, is it not?---Correct, but it isn't - is it further to change our bid, as I said before.

May I take you then to volume 33-2, page - sorry, no, I won't do that again to anyone. May I take you then to Mr Burns' email to Ms Perrott, dated 31 August 2009, volume 33-1 page 36?---Sorry, Mr Flanagan, which volume was that? 20

Volume 32 - sorry, volume 33-1, page 36?---Yes.

Now, in your statement you tell us that it was you that spoke to Mr Burns. Yes?---Yes.

Now, do you have a specific recollection of that conversation with Mr Burns and what you said in it?---the only recollection I have is expressing serious concern that security was lax and that information was available to anyone who was working at CorpTech and that would potentially compromise IBM and others. 30

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You see, he refers there to mention that they had access to the RFI evaluation matrix. Do you see that?---Yes. 1

You had received Ms Bennett's email on 22 August 2007, hadn't you?---Yes.

And you have some vague recollection of thinking that it was inappropriate in reporting it. Yes?---Yes.

But it would seem from Mr Burns' email that you don't speak to him about these matters until 30 August 2007. Correct? 10  
---Correct.

That's eight days later?---Correct.

Where, in circumstances, these presentations were given on 7 August, weren't they?---Correct.

That was the closing date for all the presentations, 7 August, and you actually presented on 6 August?---Yes, 20  
correct.

Why was there such a delay from 22 August to 30 August by you of reporting to Mr Burns that the RFI evaluation matrix may be available for persons to have access to?---My recollection is similar to my statement, is that there's a - there was not only the information that, that evaluation matrix was in the open and the people had access to it, but also since that time that potentially the vendor proposals were in jeopardy. The evaluation matrix, yes, that is one thing, however, access to vendor proposals is quite another to the extent that there is a lot of information in those proposals that could be of value to other people. 30

I appreciate this is not your document, I appreciate it's emailed from Mr Burns to Ms Perrott, but it's based on what you told Mr Burns. Yes?---Correct.

Can you find in this document where it refers to vendor proposals referred to in Mr Sullivan's email?---I'm not sure. Potentially, he misunderstood what I was talking about and - - - 40

No, that's not my question. I'm asking you now, in this document, can you find for me the reference to vendor proposal?---And what I'm saying is that the reference of draft RFO could be a misunderstanding on his part, I don't know.

There's nothing draft about the vendor proposals, they're finalised, aren't they?---Well, they are at that point but there effectively would be the first stage of what would be a finalised ITO, so I don't know, I'm just trying to give you my perspective on this email that I didn't write. 50

Was there any part of you covering your tracks, having received the intelligence of Mr Porter's email, having received Ms Bennett's email, and having sought Mr Sullivan to look at the vendor proposals, not just whether IBM's proposals was available but look at vendor proposals. Was there any part of you trying to cover your tracks by speaking to Mr Burns on 30 August 2007?---No, not at all.

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Not at all?---No.

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If you could put that aside, please. Can I take you to two last topics? The first is price. To start that, may I take you to volume 29, page 1164? This is an email that you send on 12 October 2007, at 9.52 am to Maree Blakeney. Yes?---That's correct, Maree Blakeney.

Where you sent the executive summary of IBM. Yes?  
---Correct.

When did you actually email to Ms Blakeney or Mallesons your full response to the ITO?---I'd have to check my notes, I'm sorry, but it was - I'd have to check, sorry, I can't recall the date.

20

"I think we may have forgotten to send you an electronic copy of our executive summary, if so, here it is." Do you at least remember this: was the full response to the ITO sent prior to 12 October 2007?---Yes, correct.

What date was it sent?---As I said, I can't recall the exact date, I'd have to check my notes.

30

You would ask for an extension to 8 October 2007. Yes?  
---Correct. That's right.

So you've got it in by 8 October 2007, didn't you?---Yes, I think so. Yes.

All right. So this is being sent four days later. Yes?  
---Correct, yes.

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Now, as part of your statement you have dealt with this price aspect. If I may ask you to turn to page 26 of your statement. At paragraph 145, you say, "I understand it has been suggested that it is not possible to readily identify a total price in the IBM response to the ITO." Do you see that?---Yes, I do.

And that, "The total IBM price is one for which the state shared services program, the subject of the ITO, could not be carried out," yes?---Yes.

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That is, the price that IBM put in, in response to the ITO was so low, or so low that it actually constituted to use

Mr Porter's own language of the email you had read, the silver bullet. Yes?---Yes.

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That is the very thing he was concerned with, a silver bullet offer being made that was low enough to attract attention from the under treasurer, but was so low that the work could not be carried out for it. Yes?---Yes.

And that was the concern that you knew he had as early as 3 August 2007?---Yes.

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All right. Now, you say neither is correct?---Correct.

Can I say: for that purpose of saying, "Neither is correct," you rely on the executive summary that is sent four days after IBM's response to the ITO is supplied? Yes?---Define "rely".

So you rely on footnote 1, at page 1166 of that volume? ---No, I don't.

20

What do you rely on?---It can be interpreted by the pricing schedule that we included.

Interpreted; that is, you've done a reconciliation by adding up the fixed prices, identifying the best estimates. Including the best estimates, I take it that the evaluation panel put in for IBM, such as the \$4 million that Mr Shah talked about in his evidence, but there's not a figure as such in the ITO response, is there?---Correct. There wasn't one asked for.

30

The only ball park figure that we get is in footnote 1 to the executive summary that is sent four days later?---It's put as a single figure because it wasn't asked for, correct. However, the pricing schedule went in as of the 8th, and if you read the detail of the pricing schedule you can interpret the price.

Yes, but IBM's price for phase one and phase two is \$98 million excluding expenses. Yes?---Correct.

40

And that's a footnote that's given. Whether it's required or not, that is the price that's given in the executive summary. Yes?---Correct.

Can you explain to this commission by the executive summary was sent four days after the response had been given?---It was just an oversight, it wasn't included with the bundle of documents we sent through.

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But it's four days later when all other responses have been received, we're just looking at the actual mechanics of this tender process. The only time that a price is mentioned by IBM is in a footnote to the executive summary which is sent four days after all the other offers have



been received. Yes?---I don't understand that statement, the price is in the pricing schedule that was attached to the ITO.

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Can one find a \$98 million price from that pricing schedule?---Yes.

By adding everything up?---By adding up, by reading the comments and understanding what they've asked for and adding it up, correct.

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I'll make my question more specific. Without doing that exercise in relation to the pricing schedule in your response to the ITO, can I find a figure of \$98 million? ---Without adding it up, no.

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Thank you?---They didn't ask for it be added up.

But you provided it in footnote 1 to your executive summary. Yes?---As part of the summary, which was consistent with our offer. We did not change our offer in putting that on the table.

10

Apart from oversight - was it your oversight?---I was ultimately responsible, so I take responsibility for it.

Apart from your oversight, is there any explanation you can give as to why this executive summary with this price of \$98 million, excluding expenses, was provided four days late?---No; and there's always the option of the government to disregard anything that was late, so that was always the risk of that.

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You see, one actually can't get to \$98 million adding up your fixed price items and your best estimates because not even the evaluation panel on price could do that without getting clarification from you later on down the track. Yes?---There was some clarification around it.

Yes. Clarification whereby they were able to arrive at a \$4 million price tag, you see - for particular items. You recall that. Yes?---I don't recall that detail. No.

30

Do you recall that? But you do recall a number of price clarification sections that IBM were required to attend. Yes?---Correct.

Including two on the same day?---Correct.

Without those clarifications, figures weren't actually arrived at in terms of fixed price or best estimate because the schedule itself wasn't complete, was it?---It was complete. Yes, it was.

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You see, the difficulty I have is this: for a tender process, the whole idea of tender responses arriving on the same day is that no-one gets the opportunity to vary their price. Yes?---Correct, and we didn't.

When you say you didn't, I can't look at - no-one can look at the ITO response, as was provided to Mallesons on 8 October 2007, to say, "There's a \$98 million price which constitutes a price of both fixed prices and best estimates and here is the footnote of the \$98 million in their executive summary. They're exactly the same." Do you see the concern we have that tenders are supposed to be provided with the prices on the same day?---Correct.

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What happens is that the only price of \$98 million, without going through the exercise you suggested - the only price of \$98 million that is provided as part of this tender process happens four days after the tender has closed. Yes? Do you agree with that?---They didn't ask for it. 1

COMMISSIONER: That wasn't the question. Put the question again please.

MR FLANAGAN: The only price that was given to the Queensland government from IBM in terms of an actual price, that is a number, of \$98 million was a price provided four days after the tender had closed?---Yes. 10

This is an inquiry so I will ask you this question?---Sure.

Between 8 October 2007 and 12 October 2007 when the executive summary is provided to the Queensland government, did you have a conversation with any person, other than internally in IBM, about price?---No. 20

Is that no that you did not or no, that you don't recall? ---No, I don't recall.

May I then take you back to the RFP price?---Yes.

Can I take you first of all to paragraphs 89 and 92 of your statement?

COMMISSIONER: Mr Bloomfield, you refer in paragraph 147 to a schedule that you prepared with costs refers - the ITO responses to how the figure can be calculated. Have you in fact given us that schedule? 30

MR FLANAGAN: Yes, we have, Mr Commissioner.

COMMISSIONER: You have?

MR FLANAGAN: We were hoping to have shortly a blown-up copy of that so we can all actually read it. 40

COMMISSIONER: Thank you.

MR FLANAGAN: We have it. Thank you. I'll be coming to this. May I give, Mr Commissioner, you a blown-up copy of it and, Mr Bloomfield, I'll give you one at the same time? ---Thank you, Mr Flanagan.

I was taking you then to the RFP price, which is paragraphs 89 to 92 of your statement, Mr Bloomfield. It's the case, isn't it, in paragraphs 89 to 92 you tell us how the figures contained in the RFP presentation, which was a range of 153 million to 190 million dollars, was arrived at? Yes?---As part of that, yes. 50

Yes. What you've done in these paragraphs 89 to 92 is tell us what didn't happen. Yes?---Correct. 1

But we've gone through it this morning and I won't go through it again, but exhibit 36 that I showed you, which was your report to Mr Munro in relation to price dated 3 August 2007, I think you've agreed with me that approximately 800 hours of work on price went into the RFP bid by IBM. Yes?---That's my guesstimate. Correct. 10

So when we read paragraphs 89 to 92 of your statement, shall we incorporate in that what actually did happen by reference to exhibit 36 and your evidence concerning exhibit 36?---Yes.

But we don't find any of the information contained in exhibit 36 in paragraphs 89 to 92 of your statement, do we? ---Sorry? I don't understand that question.

We don't find any of the information contained in exhibit 36 in paragraphs 89 to 92 of your statement, do we?---As in the figures you mean or the - - - 20

As in the man hours put in by IBM in terms of arriving at a price range for the RFP?---No. Correct.

Why not?---I didn't think it was relevant to put that in there, that's all.

Then can I take you to paragraph 151 of your statement, which is where you identify a number of matters which explains the difference in IBM's indicative pricing of 153 to 190 million dollars with the price of \$98 million which is - let's just take it as \$98 million, which is the footnote to the executive summary provided to the government on 12 October 2007. Yes? 30

MR DOYLE: My friend has said this several times to several people and that's not what those paragraphs do, with the exception of the reference to the travel expenses. 40

COMMISSIONER: With the exception?

MR DOYLE: With the exception of the particular figure that's talked about, the travel expenses, where that's offered as a comparison. These paragraphs are not doing what's being suggested?---That is correct.

Really, if you read the opening words of paragraph 15, you'll see what in fact is sought to be done by the paragraphs which follow, subject to the limitations that we have, not being able to show anyone the Accenture material. 50

MR FLANAGAN: All right. Very well. We will just take it this way then.

Mr Bloomfield, can you tell the inquiry why there is such a  
difference between the RFP pricing range and the ITO price?  
---Simply put, because we did not have nearly the same  
level of detailed knowledge of the problem we were solving  
at that point in time at the RFP stage versus ITO.

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THE COMMISSIONER: So that was wrong, was it? That price was simply wrong, you say?---It was our best estimate at that point in time - - - 1

At the time yes, but some of the events have shown that to be wrong?---That's correct, Mr Commissioner.

All right?---As an example of that, I think I say in my statement there were 366 documents totaling 300 megabytes which we only received two weeks into the ITO process which we didn't have knowledge of which certainly affected the cost. 10

Tell us if you would; if the price was at it was, potentially lower for the ITO, it must have been you were doing fewer things or doing there more cheaper of more efficient perhaps. What were they? What was it? Were you doing fewer things? Doing it more efficiently?---A combination. A combination. The number of things would be different, no doubt. The - I touched on it quickly this morning; putting the ball park figures together, both my immediate supervisor, Peter Munro, as well as our quality risk management team. We were concerned about putting ball park figures on the table and were insistent that we increase the amount of contingency we had and made sure we had a range of figures so that effectively compounded, so if we were doing more plus we had more contingency, plus we had more - for example, more mark-up on our subcontractors, so all those things compounded on top of each other. You can actually increase the price quite substantially very quickly and a lot of those things were different. 20 30

So you say - Mr Flanagan will perhaps ask you about this but I'm going to ask you the questions, you might just tell me; in paragraph 144b, you say it has been suggested that the total IBM price of \$98 million is one for which the Shared Services program, the subject of the ITO, could not be carried out. That's not correct, you say. All right. Now, it's right, isn't it, that IBM got the contract for the prime contractor for the Shared Services program? ---Correct. 40

In December 07?---Yes.

Under two years later, the government said to you, "Don't go ahead. It hasn't worked. Just do the Queensland Health payroll"?---That's not how I recall it.

That is what happened, isn't it?---No. 50

It's true, isn't it, that IBM did not deliver the Shared Services Solution which was the subject of the December 07 contract?---Mr Commissioner, what happened was in August of 2008, we were as originally intended, we were to convert our best estimates to fixed price and we went through a

rigorous exercise to make sure that we compared those two things, so we had our best estimate figure and off the top of my head, it was in the order of \$63 million worth, it was best estimates. We then had to put it - we tabled a number of statements of work, I think there were three in total, which were the fixed price components of that best estimate and they were, within my recollection, 1 or 2 per cent of our best estimate. That was an offer to continue and we would have signed up to that work and continued to deliver the whole of government solution on that basis. The director-general of the Department of Public Works at the time, Mal Grierson, said, "That's all great. We have gone through and reconciled it. We feel comfortable if that's the case, however, we both find that Queensland Health take up a lot of our time. We should fix that first before we move forward."

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If you say that, there might be a difference of opinion but my present understanding in 2008, the government said, "You're taking too long, you've done too little, it has cost too much. Just do Queensland Health payroll," but tell me anyway, that was October 09, was it?

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MR FLANAGAN: By December 2008, Mr Grierson had had the meeting with Accenture whereby he expressed a view that IBM's pricing was now close to what Accenture's ITO price had been.

THE COMMISSIONER: Yes.

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MR FLANAGAN: That's a particular document, but IBM had spent - I think it had been budgeted for it but around \$6 million to do SOW4 which included SOS2 which is part of your schedule, is it not?--Well, except for that you have got the wrong numbers but apart from that. It was statement of work 7, I think, and it was statement of - scope 1.

All right, I see. All right. But in any event, ultimately for the statement of scope 2, the price which constituted three fixed price contingency was approximately \$97 million. Is that correct?--No, I don't think that's right.

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We have the document which we're going to tender in the course of the contractual matters in any event.

THE COMMISSIONER: All right. I will leave this thing to you, Mr Flanagan, but I'm just curious to know - the rescoping occurred, didn't it, the final approval that - it was September 09, wasn't it?

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MR FLANAGAN: Yes.

THE COMMISSIONER: Yes. Can you just tell me, Mr Bloomfield, as at September 09 when the IBM contract was rescoped to restrict it just to replace the Queensland Health payroll, how much IBM had been paid under the 07 contract?---I couldn't tell you that off the top of my head, I'm sorry.

1

Ball park recollection?---Well, firstly you say in December 09 when it was - - -

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No September 09, final decision by cabinet to restrict IBM's contract to replacing the Health payroll system?---I don't know if it was that date or not. I know September 2008 was when we had basically stopped work on the whole of government and focused on Health.

I think that's right - - -?---Yes, the year before.

The wheels of government turn slowly?---Sure.

20

I think it was September of 09 that the final decision was made?---Great. Okay.

All right?---At that point in time, I don't know - I have not looked back on those particular - - -

Was it for more than \$98 million?---No, no. No, it wouldn't be that; no.

All right. Yes, Mr Flanagan?

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MR FLANAGAN: Thank you.

Can I just take you then back to paragraph 154, which is travel expenses?---Yes.

Can I ask you the \$25 million which is based on a spreadsheet, a company's - the calculations if you like, the internal calculations by IBM of the RFP price - - -? ---Yes.

40

You have told us that you didn't express or tell Mr Burns that there was \$25 million worth of travel in the indicative price range for the dry run on 3 August?---No, I don't think so.

Did you tell or was it discussed with the government officials at the presentation on 6 August 2007 that there was approximately \$25 million worth of travel built into this arrangement?---I don't think so.

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Now, if we were to look at the response of IBM to the RFP which you will find starting at page 597, if we go to page 654 which is a page that you're familiar with which is the indicative price range of \$156 million to \$190 million, I think I keep on saying - - -?---Sorry, Mr Flanagan - - -

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Volume 28, please?---Volume 28, sorry. Sorry, the page number, Mr Flanagan? 1

MR FLANAGAN: Page 656. All figures quoted are ex-GST and do not include agency implementation teams?---Excuse me, I'm just trying to - - -

Sorry, 656, Mr Bloomfield?---I just want to make sure I'm talking - know what we're referring to. Okay. Yes, correct. 10

All right. When you say "do not include agency implementation teams", what is that a reference to?---Same terminology as we used yesterday. The implementation that has to be done inside the agencies.

Thank you. Can you turn to page 662?---Yes.

I will just ask you to note the dot point there at the bottom of the page?---Yes. 20

And from there to 668 which are the pricing assumptions? ---Yes.

And those assumptions go through to page 670 when it becomes resourcing assumptions?---Yes.

So items 15 to 26 are pricing assumptions. Yes?---Sorry, 11? 30

Sorry. Yes 11 through to 26 are pricing assumptions? ---Correct, correct.

If you read those pricing assumptions, one doesn't seem to find any mention of travel at all?---No.

Your ITO quote, of course, or pricing schedule, is exclusive of travel?---Correct.

In reading this particular document, is there any indication here that travel is \$25 million?---No, I don't think so. 40

And I suppose you would say that if there is an estimate of \$25 million for travel that the fact that travel is not excluded or expressly excluded means travel is included in the price?---Correct.

Thank you. Then to finish the picture then for the ITO itself and the clarifications for travel, may I take you to volume 30. At volume 30, would you please turn to page 1403 at item 4. So clarification was sought by the evaluation panel in relation to travel and accommodation. Is that correct?---Yes. 50

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And that was provided on or about 18 October 2007 by IBM? 1  
---Yes.

And if you turn to page 1434?---Yes.

For the revised price submissions, under the heading Travel and Accommodation Cost?---Yes.

*Based on previous experience, IBM expects that a portion of our team will be sourced from locations other than Brisbane. As such, travel and accommodation expenses will be incurred by IBM and passed through to CorpTech as actuals to be paid by CorpTech. The price below will allow CorpTech to make a budgetary allowance. At this time, we believe that over the course of the engagement travel and accommodation expenses will totally approximately \$5 million?* 10

---Yes. 20

Now:

*Please note: resources coming from our global delivery workforce -*

that's the workforce station in India?---Correct.

*and working on-site at CorpTech office location in Brisbane have travel and accommodation expenses factored into their rates, so long as they are deployed for six months or greater?* 30

---That's correct.

So if CorpTech was to employ someone from India to work physically at CorpTech or in a department such as the Department of Health for more than a period of six months IBM would pick up those travel and accommodation expenses? 40  
---Correct.

Because they would be able to receive those expenses through the engagement for a longer period?---Correct. It was just an internal IBM decision to do that. That was a standard policy.

Is that second paragraph - I know you gave an explanation as to why one could reduce the travel expenses from 25 million to 5 million by knowing the actual scope detail of the job involved, but is the second paragraph there another reason why IBM could quote a figure by way of price clarification of \$5 million in the ITO process as opposed to a figure of something like \$25 million?---Correct. It had a factor because as I said before, the 25 million assumed that just about everybody was going to be incurring expenses. 50

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Do you have any present knowledge, and it might be a difficult question but we can deal with this in contract, do you have any knowledge of how much IBM invoiced the government for - - -?---Actuals?

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- - - actuals for travel?---I'm sorry, Mr Flanagan, I couldn't answer that question.

All right. Thank you. Can I finally turn then to Workbrain? We've already asked you some questions about Workbrain, but can I just deal with a couple of aspects of it? May I take you to paragraph 152 of your statement? The point in paragraph 152 is this, isn't it, that you and IBM saw the awards implementation use of Workbrain as a way that would not only speed up the process for the client but was a way of cutting down on costs in terms of implementation?---Correct.

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Both in terms of cost and time?---Correct.

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Therefore it would be, to Mr Burns' term, an "accelerator"? ---Correct.

And was this the primary accelerator identified by IBM? ---As I mentioned this morning, there's a few of them here but that's one of the key ones, put it that way.

Is it correct to say that in terms of computer or IT architecture that this was the prime accelerator?---Once again, from an architectural perspective, I also mention in paragraph 153 the single instance of SAP and go on to talk about release object design. That makes a huge amount of difference in terms of build and test activity. Those two things compound on each other.

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Good, thank you. Can I then take you to volume 30, at page 1179? All I'm doing, Mr Bloomfield, is taking you through certain clarifications?---Sure.

1179 and 1184. Starting with 1179, you'll just see that it's the clarification question and answer session provided by IBM on 10 October 2007?---Yes.

40

That was a presentation done by a number of people, including yourself. Yes?---Correct, yes.

If you turn to page 1184, question 16, some difficulty was being identified by the evaluation panel that they were unable to gather information from Woolworths, "Please provide an alternative reference site that will provide relevant information." Can I ask you this question: did IBM give Woolworths as a referee for the Workbrain solution because it knew Workbrain was being used for award interpretation at this time by Woolworths?---Yes, I believe so.

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Do you know how long Woolworths had been using it as for an awards interpretation implementation?---I can't recall how long that was, no, sorry. 1

Can I then take you to page 1204 in the same volume? So that was dated 10 October?---Yes.

On 11 October, Ms Blakeney emails you and says, "As per our discussions yesterday, has IBM been able to source another reference site to assist with further understanding the Workbrain award processing component of your offer?" and the response to that, if you turn to 1205, you send Ms Blakeney an email including two new reference sites for the use of Workbrain. Yes?---Yes. 10

To your own knowledge, Woolworths remained uncontactable? ---To my knowledge that's correct.

Yes, all right. Was the Workbrain implementation at Woolworths done by IBM?---Yes, I believe it was. 20

Was that an system that was interfacing with SAP?---I can't recall the detail, I'm sorry.

You can't?---No, I'd have to check.

All right. If you then look at page 1205, which is dated 11/10/2007, and can I take you to two pages, at 1216 - - -? ---Yes. 30

Here you give two further references?---Yes.

First of all, for the Bunnings Warehouse, the same question: Did you give Bunnings Warehouse as a reference because you knew at the time, or IBM knew at the time, that it had a Workbrain awards implementation operating?---That was my understanding, correct.

Where did you get your understanding from, Mr Bloomfield? ---It would have come from the particular IBM service line people who were responsible for that type of solution. 40

All right. And then can I take you to 1217, the other entity named as a referee is Pacific National Pty Ltd? ---Yes.

Again, the same question: did you or were you told that they had a Workbrain awards implementation?---Correct, yes.

In both instances, did you know whether or not that Workbrain was interfacing with SAP?---I didn't know, I'd have to check my notes. At the time I would have known then, I'd have to check. 50

Can I take you, then, back to page 1194, or take you back to page 1194, which is slightly out of sequence but it is actually after these events, so it's dated 15 October 2007? ---Yes.

1

Again, it's Ms Blakeney trying to obtain these referees that you had provided for the purposes of this Workbrain implementation of the awards?---Yes.

"Teresa has confirmed today that she will take your call." What organisation was that person from?---I assume she was from Bunnings.

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From Bunnings?---I think it's a reference tmurray@bunnings.com.au.

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In relation to Mr Smith, he has now left Pacific National and is working at Woolworths?---I think he's (indistinct).

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Given that they had had difficulty obtaining the reference from Woolworths, did they have the same difficulty in relation to Mr Smith?---I'm not sure. I'd have to check.

May I take you then to page 1439? This is dated 19 October 2007 where you send to Ms Blakeney some Workbrain performance test results conducted by IBM Customer Benchmark Centre. Yes?---Yes.

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Where you say, "The reports are at a summary level"?  
---Correct.

"The findings that pertain to our discussions on Wednesday, eg, low times, can be found under batch transaction response times." You mightn't know, but can you explain to us that the document that this encloses, which is the Workbrain Certified Benchmark, what is this document? What's the nature of the document? Someone has suggested to us, for example, that it's a marketing document?---I wouldn't say that. This is a benchmark document which gives an indication of scalability the product has. It may be used as part of a sales process, but then again it could be used in many other reasons as well.

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It's not a document that, for example, constitutes a reference saying, "The Workbrain awards implementation has been working at a particular situation"?---No. Correct. This is run up in a - my understanding - if you like, a lab - - -

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I see?---- - - in our Customer Benchmark Centre, Poughkeepsie, New York.

Thank you. Can I take you then to page 1496? This is what some have described as the game changer presentation, which is the one dated 17 October 2007. Again, you attended? ---Sorry, Mr Flanagan? 17 October?

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17 October 2007?---Sorry, I thought you said "December". Sorry. Yes, correct.

1496, yes. You attended?---Yes, I attended. Correct.

Who was the person who actually did the presentation?---I think it would have been led by Mr Surprenant with support by Mr Sullivan primarily. However, Kevin Keogh, Kevin Akermanis were both Workbrain employees and knew Workbrain very well so they would have contributed fairly heavily, as would have Mr - - -

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How long did this presentation take?---I don't recall how long; probably an hour, maybe longer. I'd have to check my diary. It looks like it would be an hour, maybe an hour and a half.

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Can I ask you this: at the time that you were providing these referees and this information and ultimately the presentation on 17 October, 2007, what knowledge did IBM, through you and others, have of whether any employer with a substantial workforce had used Workbrain to perform an awards interpretation function just in rostering agencies? ---I'd have to check our notes. Certainly, once again, our service line people in that particular area were closest to it, but at any rate that's where the benchmark report helps as well because we have a comfort in terms of the scalability of the product as well.

10

Did you know of any organisation that had been using Workbrain for an awards implementation that was also using SAP or interfacing with SAP?---I couldn't tell you. I couldn't tell you one off the top of my head. It certainly was something that Workbrain did do. They had clients that interfaced with SAP. It wasn't unusual.

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Excuse me. That's the evidence-in-chief of Mr Bloomfield. Thank you.

COMMISSIONER: Yes. Mr MacSporran?

MR MACSPORRAN: I have nothing. Thank you.

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COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you.

Do you have your statement with you, Mr Bloomfield?---I certainly do, Mr Doyle.

I'll take you through some parts of it, if I may?---Yes.

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Just give me a moment to sort some things out. I want to take you first to paragraph 43 where you deal with receiving an email inviting you to attend a meeting with, amongst others, Mr Bradley. Do you see that?---27 April? Yes.

27 April, yes, paragraph 43?---Yes.

You see there - and I'll take you to the documents that you need to for the purposes of my question and please remind me if I don't?---Yes.

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COMMISSIONER: Mr Doyle, can I interrupt for a moment. Mr Flanagan, what's to be done with this schedule?

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MR FLANAGAN: I should tender it. 1

COMMISSIONER: Very well. The schedule prepared by Mr Bloomfield - is that correct?---Yes.

Yes; is exhibit 42.

ADMITTED AND MARKED: "EXHIBIT 42"

MR DOYLE: Can I complicate things with respect to that, Mr Chairman? 10

COMMISSIONER: Yes.

MR DOYLE: We've noticed there's some typos in that. They are numerically trivial, but if we're going to tender it perhaps we could read a corrected version.

COMMISSIONER: Yes, all right. When you give me the corrected version it will become an exhibit. 20

MR DOYLE: I won't trouble you with it now.

You say in your paragraph that those attending included Mr Porter. Is that right?---Correct. Yes.

Do you recall that or not?---Yes, I recall that it was a round table. We had - everyone was there.

You report of this meeting in an email of 1 May, which I will show you?---Yes. 30

If that could be shown to you please. It's in volume 27. Can you go please to 228?---Yes.

This document in fact appears in a number of places. It's convenient to deal with this page for the moment?---Yes.

The meeting that you've spoken of in your statement took place on 30 April?---Correct. 40

This goes the next day. Is that correct?---Yes.

Can you tell me please if you do recall it whether the three items which you've enumerated in this paragraph were items which were identified at the meeting with Mr Bradley as things which Mr Burns was supposed to be embarking upon doing?---Yes, they were.

You can recall that being at least discussed at that meeting?---Yes, correct. 50

Do you recall if either Mr Porter - sorry - do you recall if there was discussion from the supplier's point of view, if you like, asking what was to be involved in the task?---No, I don't recall anything being raised by anybody.

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Would you turn across please - there's another copy of that email at page 232. Would you go to that, please?---Yes. 1

Just satisfy yourself that that is another copy of the document we've just been looking at?---It is.

All right. You'll see it concludes with you saying, "This is an important point for us, please call to discuss"?  
---Correct. 10

You've sent that email to various people, but that includes Mr Monroe, is that right?---Correct, copied in to Mr Monroe.

I want you to turn back, now, to page 231?---Yes.

We see there an email from Mr Monroe to Colin. That's Colin Powell?---Correct, yes.

And copied in to you?---That's right. 20

And do we see above that a response from Mr Powell to Mr Monroe - - -?---Correct.

- - - responding, if you like, to what Mr Monroe had asked him and so on?---That's right. Correct.

You'll see in the course of your examination by Mr Flanagan it was suggested to you that it was after your meeting with Mr Burns on 2 May that you somehow involved Mr Powell in this project?---Right, yes. 30

Because of the importance of what was said to you on 2 May? ---Right, yes. I do recall.

Is that right?---No, this would appear to be straight away it was escalated and pushed through the organisation regardless.

All right. Now, I'll take you to that conversation, if I can, that you had with Mr Burns on 2 May?---Yes. 40

The email where you record it is at page 230 of that volume. Again, it may well be in other places but it's at page 230?---Yes.

Just before we turn to that, when you left the meeting with Mr Bradley and others on 30 April, what was your understanding of what it was that Mr Burns was going to embark upon doing?---Mr Burns was responsible to conduct a review which was really to challenge how things were being done previously and to try and set about a new course of action. 50

Was it either discussed, or if it wasn't discussed, did you have an expectation as to how he would go about doing that? ---No, I don't really recall. The reason for the meeting was to give us a heads up that we need to avail ourselves of his time, of our time to him for him to do his review. 1

All right. Well, we know that on 2 May you had a meeting with him and Dianne, is it?---Yes, Di.

Is it right to say that was for the purposes of Mr Burns commencing his task of undertaking what he'd been asked by the government to do?---Correct. He wasted no time. 10

Did you see any difficulty yourself in meeting him?---No, not at all, I was prepared to cooperate.

Did you see any difficulty in asking him how it is IBM could assist?---No, not at all.

Or in listening to what he had to say about how that might be done?---No, not at all. 20

Did you feel there anything improper in you providing information to him or listening to what he might say to you?---No, I thought it would help the process.

All right. It's right to say, isn't it, you were endeavouring to ensure, if you could, IBM had a greater task to fulfill in the Shared Services Solution?---Correct. 30

Now, if we can go back to your statement, please, at paragraph 46, and look at the email if you need to for these purposes. In paragraph 46(a), you say that you received an email from Mr Burns inviting you and whomever else I considered may add to the discussion to have a meeting?---Correct.

At that stage, did you think to take anyone along with you? ---I thought about it, but considering the difficulty of getting the right person along I decided to go myself. 40

Right. It wasn't the case that you were told, "Come yourself and no-one else"?---No, not at all.

And the meeting that you attended was with Mr Burns and Ms McMillan?---Correct.

Did you endeavour to influence whether they could or couldn't bring anyone else to that meeting?---No, not at all, that was their meeting. 50

You say in paragraph 46(b) that you presented them with your 12 March concept presentation?---Correct.

What do you mean by "presented them with it"?---I effectively tabled the document and walked them through the high points. Well, I walked them through the document so effectively went through so they understood what it was about.

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Right. We've seen that document. I'll show it to you if you need to?---Sure.

Was the process that you sat there and explained to them the sorts of things that you had said in that document as IBM's preparedness to assist CorpTech on the one hand and Queensland Health on the other?---Correct.

10

In accordance with that proposal?---That's correct.

Do you think you left a copy of it with them that day or not? You say you've sent it to them a few days later? ---Correct. I'm not sure that I did and I say that because I sent a copy through, but I may have.

20

All right. And do you recall much of any questions they had to ask you?---I don't have much of a recollection. I know Mr Burns was interested because it gave a frank view of how things had not been working, and that was what he was after.

Very good. Now, you had a second meeting with Mr Burns and you've told us in your statement how that came about, or the way you think it came about?---Correct.

30

Can I just ask you the same question, really: did you have any difficulty with meeting him just you and he?---No, not at all.

Did you have any difficulty in a meeting with just you and he, him saying things and you listening to what he had to say?---Not at all, no.

Or you telling him what he asked you, if he asked you things in that meeting?---Not at all. I was trying to cooperate.

40

All right. And, at that stage, did you believe it was to, at least from his point of view, to assist him in the fulfillment of the government's contract of him to produce a report?---Correct, yes.

Why would he want to speak to you, can you help us, please? That, is, you, as in IBM, in the fulfillment of what he'd been asked to do as you've been told at the meeting on 30 April?---I think considering the fact that the magnitude of the challenge that was at hand, that he needed to effectively get the best from whoever was able to provide value to the program and to either ignore an organisation

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like IBM, which has got a lot of experience in these things, or to belittle or leave us, marginalise us, in that particular process it would not give the best result for CorpTech; secondly, to have IBM involved to ensure that some of the incumbent players were effectively understood that they needed to compete for the business was healthy as well for CorpTech and his review.

1

Is it the case that you were saying that you think that he was talking to you in order to encourage you to seek to be participating - - -?---Yes.

10

- - - and to make it plain that it was competitive?  
---Correct.

In your email which records your discussions with him that day, you say that he was expecting big things from IBM, and then you've put in quotation marks, "Innovative and expansive thinking." Does the quote suggest that's something that he actually spoke to you?---Yes, that's right.

20

Is it your recollection that's what he was seeking from you?---Correct. He was really pushing the boundaries.

Did he tell you why?---I don't recall expressly why. Once again, the program needed to be remedied and I think he had a good understanding of what IBM had to offer.

Is his suggestion that he was looking for innovative and expansive thinking consistent with or a departure from what you've been told by Mr Bradley on 30 April?---An extension was very consistent.

30

All right. Now, you say in your statement - sorry, there's one other thing. The expression "no holy cows", I think is also one which appears in quotes. Does that also suggest that's the language that he used?---Correct, yes.

The sense of it is that nothing's off the table, there are no sacred cows?---That's correct, that's the way I interpreted it.

40

By which can you tell me, please, what you at least understood him to be saying to you at the meeting?---Put quite simply, is that because we had a very small involvement in the program, that in going through his review there would be no reason why that wouldn't change, and, hence, there is opportunity for us - there is a good reason for us to participate in this because we may be able to do more work for them in the long term.

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You say in your statement that you did not see any difficulty in meeting with Mr Burns at that time, and I've already asked you about that?---Correct.

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But that you fully expected he was having like discussions with other IT providers and consultants?---Absolutely.

Why is that?---To do his job well, fulfill the role that he'd been given, he would have to talk to everyone and understand their ideas, understand their perspectives. At that point in time I'd be very surprised if everyone didn't have a lot of different views about how things could be improved, because I think there was a level of frustration from other vendors as well.

10

Say that again, I'm sorry?---I think there was a level of frustration from some of the other vendors that were involved in CorpTech that it wasn't working well and hence they would have something to say and a reason why it would be worth talking to them.

20

Do you mean there - we've been concentrating, of course, on Accenture and Logica and IBM. Do you mean those or do you extend that beyond those three?---Primarily them.

Would you turn to page 267 of that book, please, for the moment? You have there or should have there an email of 16 May 2007?---Yes.

Just to put this in context, you'll recall that on the day before, 15 May, Mr Burns sends you an email saying in effect, "So you've got no new ideas." Do you recall that? ---Correct. He did say that.

30

Which you've described as a surprise?---Yes.

All right. You'll see in this email he says that he is in the final workshop phase now for the next two weeks. Can you tell me, please, did you know what that meant?---No, I didn't. It was confusing and certainly we did not feel like we were in any such process.

40

Had you been previously involved in or invited to some sort of workshop meetings with Mr Burns?---No. We had had discussions with him. I wouldn't have called them workshops.

You've told us you've been asked about the discussions you've had with him. Were you otherwise, apart from those, which he may well have described them as workshops - - - ? ---Right. Yes.

50

- - - but apart from those, can you tell us, please, what, if anything, you understood by the reference to "workshop

phase" or "final workshop phase"?---I can only assume that at the time it was certainly around discussions with multiple vendors about how they could help. 1

Then he also says, "I'm looking then into final negotiations with the vendors' partners by mid-next week." Did that confirm to you that he had been having discussions with people other than IBM?---Absolutely.

Did you ask him what he meant by that?---I don't recall asking him about it, but it certainly was confusing. 10

All right. Could you turn please to page 270 of this book, which is five days later?---Yes.

You were taken to this by my friend earlier today?---Yes.

Which records a meeting that you had with Mr Burns, but you'll see it says, "He has already received proposals from Accenture and SAP." Do you see that?---Yes. Correct. 20

Did you ask him what it is that they proposed or why it is he was speaking to them?---No. No, I didn't. No.

In relation to his activities in May 2005, apart from the fulfilment of the engagement that Mr Bradley had told you about, did you understand Mr Burns to be doing anything else?---No, I didn't.

All right. Help me please if you can. Where he refers to having already received proposals from Accenture and SAP, did you understand them to be matters relevant to the fulfilment of Mr Burns' engagement as explained to you by Mr Bradley?---I understood that to be part of what - associated with what he was doing, but my understanding of that was that instead of merely Accenture and SAP - merely giving some ideas on how they could - they've effectively gone further than that and been more formal about how they could move forward and put something on the table that potentially could be accepted as an unsolicited proposal potentially. 30 40

I mean, you're the computer expert not me, Mr Bloomfield. I've perhaps overstated it. You've had a greater experience in computers certainly than me, that would be true of most people in this room. Tell me how it is Mr Burns could go about doing that which he was tasked to do except by going out and talking to the likes of you or your counterparts at the other companies?---Yes. I don't see how he could achieve an optimal result by not talking to key players in the industry. 50

When Mr Bradley invited you to the meeting, you had the meeting with him, was anything said to the effect, "We've retained Mr Burns to do this but, of course, you may not speak to him in relation to it"?---No, no.

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Was that ever said to you?---Not at all. No.

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All right. Having sent him the 12 March document or having walked him through it and then sent it to him - - - ?  
---Yes.

- - - you received the email of 15 May. Do you recall that? I'll show it to you. It's in that volume we're looking here at 263?---Yes.

10

Just refresh your memory as to what it says. You were asked by Mr Flanagan if you know Mr Burns' personality - I think was the way it was put?---Yes. I think that - - -

It would be right to say that you at least had the view of him that he was frank and forthright. If he didn't like what you were doing, he'd tell you?---Absolutely.

And he'd tell you what he wanted?---He was clear on that.

20

He had said to you at a meeting some two weeks earlier that he wanted you to come up with some innovative ideas for the purposes of advancing the CorpTech project?---Correct.

You'd done something and he told you in this email, didn't he, that that wasn't good enough?---Correct.

He's also telling you that he can go and contract with others?---That's right. Correct.

30

At that stage you would have thought - sorry. What did you think then of the impression, if any, you had made of Mr Burns in relation to IBM's capacity to come up with some new idea?---I was very concerned that we had missed the mark.

In respects I won't bother to go through with you now, unless it becomes significant to answer my question, there was then some attempt for IBM to obtain a role in the project management office. Is that so?---Correct. That's right.

40

My friend has taken you to some emails about that and is it right to say your dealings with Mr Burns about that commenced in the second half of May?---Correct.

And came to a conclusion by an email at the very end of June?---That's correct.

When, in effect, either he says, "No-one is going to get it," or perhaps something called SMS was to get it. You can't tell us?---Correct. He just said that we weren't successful.

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Very good. At the time that you were negotiating or dealing with Mr Burns in relation to IBM possibly having a role in the PMO, did you feel there was anything improper in your speaking to him about assuming that role or trying to get a contract for that role?---No, not at all.

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Did anyone suggest to you there was anything improper in your dealing with him for that role?---No, no-one said anything.

10

When IBM was unsuccessful in securing that role, was it communicated to you that part of the reason you were unsuccessful is that you should never have been dealing with Mr Burns about that in the first place?---Not at all.

Thank you. You then got an email which invited you to a supplier briefing?---We did.

Which I'll remind you was sent on 29 June and the supplier briefing was to be on 2 July?---Yes.

20

Where did that take place?---My recollection was at Santos House.

Forgive me; whose offices is that?---Sorry, CorpTech.

So it was a briefing for how many suppliers?---I think it was - - -

11?---Yes, correct. There were a lot of people.

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A lot of people turned up at CorpTech's offices for the purposes of attending this presentation?---Yes, yes.

There can be no mystery about that. Everyone would have seen you all traipsing in and staying there and leaving, presumably?---Correct.

The presentation was conducted by Mr Burns?---Mr Burns and Mr Goddard.

40

And Mr Goddard?---Correct.

Were there any non-supplier representatives present apart from those two gentlemen?---As in government?

CorpTech people?---Correct. There were.

There were?---I think there were numerous, I would have guessed seven, eight, more. Certainly the key contact people I think were all there.

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Apart from supplier representatives, I just want to be clear about your answer - so apart from IBM people or Accenture people and so on - - - ?---Yes. 1

- - - and apart from Mr Goddard and Mr Burns, were there government people present?---Yes, there were.

Thank you. Could you take up volume 28, please? Do you recall how long the supplier meeting went?---I'm sorry, I do not. I'd have to check. 10

Just excuse me. Was it half an hour or hours?---At least an hour, probably an hour and a half.

And what form did it take? We're looking at what's described as the presentation, but are these printouts of a PowerPoint format?---Correct.

So it was up on a screen with Mr Burns speaking. Is that right?---That's correct, yes. 20

And with Mr Goddard speaking occasionally?---He was.

Were people asking questions?---Some, not many.

Can you recall?---I don't recall it being very interactive.

Okay. And the object of this was to inform the suppliers of a departure in possible plan. Would that be right? ---That's correct. 30

And to enable the suppliers to go away and come back with some ideas within a couple of weeks?---That's correct.

As you left the meeting, that's what you understood what was to happen?---That's correct.

And I have in my mind 13 July as a date by which you had to come back with something. Does that sound right?---That's right, yes. 40

Forgive me, there's not a lot of information in that supplier briefing PowerPoint document - - -?---No, there wasn't.

- - - to enable one to come back with anything meaningful. Would you agree with that?---Correct. It more talked around the time frames and the objectives as opposed to giving us information which would then feed into how we would do things differently. 50

Was there any discussion about how, if you wanted to know anything further, you could or you were to go about doing that?---They talked about - they certainly wanted to open the doors up for us to educate ourselves as much as

possible, that's why they nominated the certain contact people for areas in particular, if there was information needed in certain areas.

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Right. What if you wanted information outside those areas, was there any suggestion that you couldn't get it or that you could ask for it, how was it put?---If we had the particular contacts then we were directed to go through - I think it was Ms McMillan or Ms Trusz to organise everything else that was required. If we needed more information about the overall objectives as opposed to detailed, if you like, content information, if we wanted to understand more of what they were trying to achieve or how they were trying to achieve it, that would be something separate.

10

Did either Mr Burns or Mr Goddard suggest that you could or could not contact them if you had any questions? ---Certainly weren't told that we could not contact them.

All right. Was there any suggestion at the meeting that there was to be a limitation on the information that would be made available to you if you wanted it?---No, not at all.

20

It was shortly after that meeting that there was the concept, if you like, I think it was put or you suggested, concept raised between SAP and Accenture and Logica about a joint presentation?---Joint, yes, correct.

Who was the initiator of the idea of that concept?---I think that was an SAP idea.

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Well, that's a company, was there a man?---Sorry, Chris Peck from SAP. Having said that, Chris was the one - Mr Peck was the one who coordinated people and sent emails, I would not be surprised, though, if it wasn't Mr Pedler's idea or a combination of both of those two gentlemen.

All right. And saw. when you were taken to them earlier in the day, the suggestion of Accenture wanting to know what Mr Burns' view would be about something. Do you see that? ---Correct, yes.

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And Mr Duke was going to have a discussion with Mr Burns? ---Yes.

Do you know if in fact those discussions took place; that is, if Mr Duke had the discussion with Mr Burns?---Only from what are in the emails, and I assume that took place.

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Well, you weren't present when they took place?---No. Correct.

But it was reported back to you that there had been a discussion - - -?---Yes.

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- - - and what the position was?---Correct.

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Which was, in effect, that the government would be disappointed if you didn't put in individual proposals?  
---That's correct.

All right. Again, did anyone, in the course of this process, Mr Porter or Mr Duke or others, say to you, "Look, we can't talk to Mr Burns"?---No, not at all. No.

10

But you know, in fact, that a decision was made for someone to go and talk to him?---Correct.

Sorry, you'll need to go to volume 28 now?---Yes.

If you turn, please, to page 464?---Yes.

Is this the printout of a PowerPoint presentation that you made consequent upon that invitation made at the vendor briefing?---Yes, this is the one.

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You list on page 465 the personnel from IBM who were present?---Correct, yes.

If you go to your statement now at paragraph 77?---Yes.

There's a list of people that were attending other than from IBM, that is, Mr Burns and other government people?  
---Yes.

30

Do you recall how long that meeting took?---I don't, I'd have to check my diary entry, but I'd be surprised if it was only an hour. I would have thought it'd been more like two hours.

Again, was the format that you brought this up on a PowerPoint presentation and walked them through it and explained what you had in mind?---Correct.

It is right to say, isn't it, at this stage what you had in mind was at a very high level of abstraction, and is that because of the absence of information?---That's correct.

40

Did you make that plain in the course of the presentation?  
---Yes, I thought we did. I thought we were quite clear it was the best view that we had at the time. Just looking at page 468 where we said that, I'd have to look at it in more detail.

Perhaps you can help me this way: is it your recollection that it would have been discussed with those present that what was being presented was at a high level of abstraction, as I've put it?---Correct.

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My words, not yours?---Yes, that's right.

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In part because of the need to become better informed about the project?---Correct, that's right. 1

Was there any suggestion at that meeting that you could not be better informed, that there was no process by which you could become better informed?---No, there was no reason why we couldn't take those things further.

Very good. Would you turn, please, now, to page 512 of that? There's an email there of 30 July - - -?---Yes. 10

- - - from Di to you attaching a vendor pack. Do you see that?---Yes.

Can you tell us, please, what that is?---I probably can't, I'm sorry, Mr Doyle. I'd have to check. Is this printed on the back of that email?

That's what I'm asking you?---I'd have to check my email to open that file up to see exactly what was in it, to be honest. I assume - it says to provide a scope so - - - 20

If you look at the email, it professes to be "revise scope label of incidents"?---Correct.

And if you look at the printout behind it, they're called "revised scope"?---Yes, for release 6 of eight. Yes, correct. So this is a breakdown of the particular scope broken down by - excuse the terminology - RICEF. You see in the RICEF type, fourth column across it explains what each of the elements were that needed to be built, effectively. 30

I'm sorry, is this then part of the provision of some additional information to you - - -?---Correct.

- - - for some purpose?---Yes, correct.

And what was the purpose?---So we understood what was remaining to be built as of that snapshot in time. 40

Right. Well, after your 13 July presentation the next relevant event is that you receive an email of 25 July, which is being called the RFP, and we'll come to it in a moment?---Lower case.

And then you make a presentation, or two presentations, in August?---Yes. 50

At any time between those events, that is after 13 July up to your presentations did you seek further information from CorpTech to enable you to provide a better response, if you like, in your presentation?---Yes, I thought we did.

1

I don't want to go through the detail?---Yes.

Was there a process by which you had asked for information and they'd either provide it or not as the case may be? ---Correct. That's right; there was.

10

Was the process one by which you had a running log, that is IBM, of the requests for information?---Correct.

It would be recorded whether that request had or had not yet been responded?---Correct. We wanted to be very clear on what the requests were and that none of those requests would, if you like, go missing and we'd need the status of those requests at any particular point in time. So we would keep that running log and every time we sent a request, we would update that log.

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If you'd turn please to page 549 of that bundle. You have an email. You should have an email, at least, dated 26 July 07?---Correct, from Ms Bradham.

It's the document that's attached to - I'll take you to it. It commences at page 551?---Yes.

Is that an example of the log that IBM maintained of request for information and the provision of information to it?---Yes, it is.

30

You've told the commissioner earlier today that by the time the ITO was prepared and submitted, you had much more information than you had at the time of your August presentation?---Significantly more, yes. Correct.

Okay. I think you mentioned a figure of 300-something? ---366 documents, 300 meg.

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300 meg? Can you give me an idea of what that represents in terms of volume of paper?---That's thousands of pages. That's reams of paper.

That's material additional to that which you had at the time you prepared your August presentation?---Correct.

In relation to the August presentation, do you recall if you'd asked for information but it hadn't been provided to you in time to be used for that presentation?---Correct. Part of the problem that we had is that wasn't - there were still outstanding items that we were told we'd have to do the best we could, effectively, with what we had and the rest may come later.

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If we looked at these logs, we could identify, assuming we had a succession of them, what had been asked for, what had yet to be responded to?---That's correct. You could. 1

Thank you. If you go to paragraph 82 of your statement, you say there that all of the relevant information was not delivered by that time?---Yes.

Is it right to say even at the time of preparation of your August presentation, a lot of the information you'd asked for had not been provided?---That's true. That is correct. 10

Was there an invitation for you to approach people to ascertain the information that was missing, if you know what I mean?---Correct. The intention was for us to get that. The intention was that CorpTech would provide us anything we needed almost.

Who told you that?---Effectively, Mr Burns had set up an environment where we would be able to request information and we could request anything. They would tell us if we couldn't be given it and certainly encouraged us to ask for whatever we needed. 20

Very good. All right. You prepared your August presentation and you made what's been described as a dry run presentation to Mr Burns. Do you recall anyone else present?---Certainly, outside the IBM team, I've got a recollection that Mr Goddard was there, but he was certainly invited. I thought he was there. 30

Perhaps I had best show you the 27 July email for these purposes, if I can just find it. Excuse me. In that volume would you turn, please, to page 548?---Yes.

Your attention was drawn to the invitation, towards the end of that email, to make a presentation to the senior management group before this advice?---Correct.

You've said that you made two presentations. One was the dry run presentation, as you've called it - - - ?---Yes. 40

- - - and then a more complete one?---Yes.

You recall that? What's your understanding please, as it was back then, firstly, whether there was anything wrong with you making the dry run presentation to Mr Burns?---None at all.

Why did you make the dry presentation to Mr Burns?---We thought it was prudent considering that once again we had a lot less understanding of the program; that what we put forward met the objectives of what was requested. We were almost, in some ways, coming from the outside and we needed 50

to make sure that we weren't off the mark in terms of getting the objectives of the session. It was the senior management group. They were very senior people. We didn't want to waste their time.

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Do you recall how long the presentation took?---It would have only - we certainly didn't go through it at length; if you like, the normal course of the speed of that presentation, so it probably took an hour.

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Very good. I would ask you to take up volume 32 now, please? Before I open it up, can you tell me please was it your expectation that some kind of similar presentation or a meeting might be pursued by Accenture or Logica or others?---Absolutely. I was - - -

COMMISSIONER: In the dry run?

MR DOYLE: Yes.

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COMMISSIONER: What made you think they would do it?---To be given an opportunity to - - -

What made you think they were doing it or would do it?---I would expect that - - -

Have you got any basis at all for your last answer?---No, except I know Accenture. I worked there 16 years and if they were given an opportunity to present their ideas before the formal presentation, they'd probably take it.

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I notice the time, Mr Doyle. Are you content with - that clock is wrong.

MR DOYLE: Good.

COMMISSIONER: Mr Murphy (sic), obviously you're coming back tomorrow. Would you give some thought overnight to this question, please: I'm still confused about why it is that the IBM price changed so much between the RFP response and the ITO response. I know you say you were in a better position to assess the price with the ITO, had more information?---Yes.

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But can you give me tomorrow please some concrete examples of what you knew in September, you didn't know in July, that allowed you to bring in a price that was, what, \$60 million-odd or thereabouts less than the earlier one? ---Okay. I'll give it some thought.

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All right, thank you. We will adjourn until 10.00 tomorrow.

THE COMMISSION ADJOURNED AT 4.31 PM UNTIL  
WEDNESDAY, 10 APRIL 2013

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