



SPARK AND CANNON

TRANSCRIPT OF PROCEEDINGS

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 15/04/2013

Continued from 12/04/13

DAY 16

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 10.03 AM

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COMMISSIONER: Yes, good morning. When I said last Friday that I didn't expect the submissions delivered by 26 April to be complete, I was not saying that there won't be an opportunity for anyone who wants to, to put in full written submissions on any aspect of importance to you, I just intended to say that, from my point of view, at this stage all I expect is an outline of what appeared to be the most important points that have emerged in the session of the inquiry. The other thing I wish to say is I would like you all to make a determined effort to conclude the evidence of the three witnesses today.

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The commission doesn't have unlimited time, I'm working to a tight time frame, and we must conclude the evidence within the time allowed by the warden council. All right. Thank you. Mr Flanagan?

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MR FLANAGAN: I call Simon Porter.

PORTER, SIMON ROSS sworn:

MR FLANAGAN: Would you give your full name to the inquiry?---Simon Ross Porter.

For 22 years, from 1986 to 2007, you were employed by Accenture?---I was.

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As at 2007, what position did you hold with Accenture?---I was the head of our Brisbane office and more specifically head of our government practice.

All right. Were you involved in that role in the Shared Services Initiative roll-out?---I was.

As at 2007, you had extensive experience with tenders for large government IT procurement initiatives?---That's correct.

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And you had been involved with CorpTech in relation to Accenture's role concerning the Shared Services Initiative roll-out?---Yes.

Can I take you to a report that is found in volume 7, page 548, and I'll show the report just for the purpose of identifying it, if you would. Volume 7, page 548? ---Page 548?

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Yes. It's called Suggested Productivity Improvements for the Shared Services Solution and Initiative?---Yes.

You deal with this in your statement?---Yes.

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May I ask you this: first of all, it's a report that seems to have been authored by Karen J. Mottershead. Is that correct?---That's correct. 1

Ms Mottershead, what was her role for Accenture?---She was working, I think, full-time for the SSS program essentially driving from Accenture's side the implementation of the - well, first standard offer, but the implementation at Housing. 10

How did this report come about?---Essentially, you know, the whole CorpTech program was very difficulty, from our perspective, it was not managed in any way, shape or form by Accenture, it was very much managed by CorpTech. The SSS was called the "sourcing strategy", in which they went to market in the first instance where there was multiple providers to try and implement the Shared Services Solution. You know, it lead to no-one having any accountability to get something done, so, you know, with what I've heard with respect to time delays or whatever, there was an immense number of issues in the program with respect to getting progress because of all of the separate hand-offs to essentially different organisations, and, you know, the ability to blame one organisation or the other was just enormous. 20

This document is dated 18/4/2007. Yes?---Yes.

All right. As at that time, did you know whether Mr Uhlmann was actually conducting or had finished a snapshot review for CorpTech?---I can't recall, it wasn't written for his benefit specifically. 30

Just before I go on, you've sworn two statements in these proceedings, have you not, Mr Porter?---Yes.

One is a statement that has a number of annexures but is five pages in length, dated 28 March 2013. Would you look at this document, please? And you've done addendum statement - - -?---Which page was it at, sorry? 40

We'll show you this document. And you've done an addendum statement, dated 11 April 2013, which is six pages and signed by you. Would you look at these documents, please? And you've declared the contents of those statements are true and correct to the best of your knowledge and belief. Is that correct?---That's correct.

Yes, I tender those statements. 50

COMMISSIONER: Mr Porter's statement of 28 March 2013 is exhibit 51A, and the statement of 11 April 2013 is exhibit 51B.

ADMITTED AND MARKED: "EXHIBIT 51A"

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ADMITTED AND MARKED: "EXHIBIT 51B"

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MR FLANAGAN: Mr Porter, how did this report come about, that is, who requested it from Ms Mottershead?---I don't think it was requested. Karen, in particular, is a very proactive person, I think this was subsequent to the roll-out or original implementation with Housing, and, you know, it was just a case of putting together some of the major frustrations that we encountered completing that implementation. It was done with the - or in the, I'd say, concept of continuing on in a CorpTech led implementation process and saying, "If you're going to keep going these are some things that you really need to change."

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Where was Ms Mottershead physically located?---On the CorpTech premises.

Where was Ms Griffiths located?---I believed at that time she was on maternity leave, but when she was at - she had been working permanently at CorpTech prior to that.

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We know from the documents that a meeting was called by the deputy under-treasurer, Mr Ford. One of the purposes was to introduce vendors, or existing vendors, to Mr Burns. Do you need to see a document or do you recall actually attending a meeting with the deputy under-treasurer, Mr Ford, on or about 30 April 2007?---Yes, I do.

Do you recall who else was present?---I just remember a meeting of the major players - major providers that were currently engaged with CorpTech.

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All right. Do you recall Mr Bloomfield from IBM being present?---I believe so, yes.

And Mr Pedler from SAP being present?---Yes.

Was this the first occasion upon which you met Mr Burns? ---Perhaps I may had met him in the CorpTech premises, because I was there on a reasonably regular basis, I'm not sure what specific dated he started there so I may have run into him in the office before hand. That seems to be the initial meeting.

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All right. Just turning your mind back, then, to April 2007, Mr Burns conducted a snapshot review with Mr Uhlmann, Mr Ekert and Mr Goddard. Did you meet him in the course of that snapshot review being conducted, to your memory?---I think there was a meeting between Mr Burns, Darren Bond, Karen and myself, there may have been another Accenture representative there perhaps. We were, yes, very open in terms of providing any feedback that we could to the SSS program review.

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Annexure B to your documents contains a meeting request to Mr Burns, dated 8 May 2007, which is after this meeting

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with this meeting deputy under-treasurer on 30 April 2007.
My question is actually more directed to: do you have any
recollection of meeting Mr Burns whilst he was conducting
the snapshot review with Mr Uhlmann of Arena Consulting?
---If that meeting of 8 May was outside of those guidelines
I'm not particular sure if I can recall another specific
meeting.

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All right. If you look at annexure B, then, to your statement, if you would?---The first or second? **1**

The first statement?---That's just a diary entry. Correct?

Yes?---Yep.

You'll see it's a request for a meeting on 8 May 2007 - - -?---Yeah. **10**

- - - with Mr Burns. Is that correct?---Yep, that's correct.

What recollection do you have of that meeting?---Nothing in particular besides knowing what is there as the meeting record and knowing that the document written by Karen Mottershead is what would have been discussed - any particulars about that meeting, I'm sorry.

All right. In your statement you say that your recollection is Mr Darrin Bond was present. Yes?---That's correct. **20**

Do you have any recollection of you meeting one on one with Mr Burns without any representative from CorpTech being present?---I do not.

Do you have any recollection of you, with other Accenture representatives, meeting one on one with Mr Burns - - -? ---No. **30**

- - - without a CorpTech representative being present?---I do not.

It's been suggested by Mr Burns that he is guessing he had around three one on one meetings with Ms Griffiths and three one on one meetings with Ms Mottershead. In relation to Ms Mottershead, one of those meetings was to discuss her report. In terms of answerability, did Ms Mottershead and Ms Griffiths answer to you?---Ms Griffiths did; Ms Mottershead did not. **40**

In terms of Ms Mottershead, were you on the same level as a manager?---Same level, yes.

All right. In terms of the arrangements between you and Ms Griffiths, given that she answered to you, if she was to have a one on one meeting with Mr Burns, would that meeting have been recorded back to you in the ordinary course of events?---If it was something of substance. **50**

Right. Do you have any knowledge of Ms Griffiths meeting one on one with Mr Burns without you present or a CorpTech person present?---No, I don't.

What about any knowledge of Ms Mottershead meeting one on one with Mr Burns without a CorpTech - - -?---I have no knowledge of that. 1

Sorry?---I have no knowledge of that.

All right. Even though Ms Mottershead didn't answer to you, in the ordinary course of events, if there was a conversation or moment in terms of forward planning or in terms of the way forward for the Shared Service Initiative roll-out as between Mr Burns and Ms Mottershead, would she have brought that to your attention?---Absolutely. 10

Did she ever bring to your attention that she had a one-to-one meeting with Mr Burns?---Not that I can recall.

Did Ms Griffiths ever bring to your attention that she had a one to one meeting with Mr Burns?---Not that I can recall. 20

Why was Darrin Bond present at your meeting with Mr Burns on 8 May 2007?---Mr Burns was external, very new to the CorpTech program. We - well, specifically, Karen had written a document, you know, that didn't hold back in terms of suggestions for improvement and very strongly felt that there was - we didn't want to be in a position of saying something to an external party, you know, we weren't prepared to say specifically in front of our client, so Darrin was asked to come along to that meeting. 30

When that meeting took place on 8 May 2007 with Mr Burns and Ms Mottershead, can you recall what was discussed at that meeting?---No, not specifically, just above knowing that it was that document, it would have been quite through and detailed. 30

After you had met Mr Burns at the meeting with the deputy under-treasurer on 30 April 2007, do you recall any other meetings you had with him prior to 8 April 2007?---I cannot specifically, no. 40

All right. When you say you can't specifically recall, do you have any recollection of any meeting with Mr Burns - - -?---No, but - - -

- - - between - - -?--- - - - I know that I had meetings with Mr Burns. There are a number that I've been able to restructure from my diary. As I said, I did have regular meetings with Ms Perrott, with Mr Bond; whether or not I ran into Terry on those occasions, I couldn't say. 50

But how can you be so clear that you didn't have a one on one meeting with Mr Burns without any other person present?---I'm just saying I cannot recall one.

Did you ever have coffee with Mr Burns one on one?---I don't believe so. 1

Well, how often were you at the CorpTech offices?---At least every second week or probably a little bit more often than that.

Well, you would have run into Mr Burns in the course of, at least, April and May. Sorry, at least May. Yes?---Yeah, I would expect so. 10

Yes. And when you came across him, did you seek to speak to him one on one?---Not that I can recall, no.

What did you understand his role to be in terms of doing his five-week review?---Well, to essentially come up with, you know, his own suggestions for improvement and he was looking for information from vendors and we were happy to give our perspective. 20

Yes. Now, apart from this report that had been done on 18 April 2007 by Ms Mottershead, did you give him any other proposals, either orally or written, to assist him in doing his review?---Not that I can recall.

All right?---I would just say that we were advocates of the prime contractor model, so I'm quite sure that would have been part of the discussion of suggesting that approach.

When you say you were advocates of the prime contractor model, can I understand what Accenture had in mind for the prime contractor model?---Where Accenture essentially took management of the whole program, where Accenture would contract for an outcome that needed to be achieved and that we would manage essentially all of the components non-government to ensure the implementation so that, I guess, in terms of the way it was operating currently, there were just essentially hand-offs between many different organisations. If all of those people are accountable to one, then there was a lot more strength in our ability to deliver to the time frames that we've been known to sign up to. 30 40

In that role identified by you as Accenture as prime contractor, according to that model, would SAP have continued what it was doing?---Yes, we would have seen SAP as providing resources but Accenture being accountable and responsible for the SAP resources and any other resources that we might subcontract. 50

What about Logica in relation to the provision of the finance implementation?---No, Logica wouldn't have had an ongoing role. It would have been taken over by Accenture.

All right. And what about IBM?---No, IBM wouldn't have had an ongoing role.

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Can I take you then to volume 24, page 134?---Excuse me while I find it. Was it 24 or 34?

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It's volume 24, page 134?---Yes.

If you look down the bottom of the page first of all, it says, "In addition, there is a session booked for 2 August at Santos House." And you'll also see that there is a final replanning proposal to CorpTech on 7 August 2007. Yes?---Mm'hm.

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You've read Mr Salouk's file notes of those meetings. Correct?---Yes.

Apart from refreshing your memory from those file notes, do you have any independent recollection of a meeting with the under-treasurer, Mr Bradley, on 2 August 2007?---The main specific thing that I would add to that would be endorsing Marcus's comments with regard to them being able to buy off the RFP process.

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Yes. Can you tell the commission, doing as best you can, what was said by whom in relation to that topic?---You know, it's difficult in this situation six years ago to say that you were sure of particular things. It was just the fact that I know that Marcus in a number of meetings brought up that point of, "Now, are you sure that you can buy off this process," in, I think, a previous meeting with Ms Perrott and Mr Burns, and then in this meeting on 2 August, and it's only - like, I specifically remember thinking in my mind, "I can't work out why Marcus keeps asking this question," so he did ask it a number of times and the answer was always the affirmative, and I believe that came from Mr Burns. And I'll say "I believe", I can't be totally sure of who answered the affirmative; however, it was always affirmative.

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Now, one of the dot points in that meeting notes of Mr Salouk for 2 August 2007 refers to a silver bullet? ---Mm'hm.

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Do you recall that?---Yes.

Again, doing as best you can, what was said by whom about that issue?---What was said by whom is difficult to say, but, you know, essentially we were concerned because, you know, they had - whatever was discussed in that meeting in terms of what remaining funds were, it seemed to be an open point that, you know, that wasn't going to be enough but that there was still a concern from us that while someone came in with something that said you could do it, then, you know, that would save some face, perhaps, on the behalf of the government and make it more palatable.

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All right. Now, these meetings seem to arise because of an email sent by Mr Burns on 25 July 2007, which was

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requesting a proposal from a number of vendors, which included Accenture, IBM, SAP and Logica as well as others?
---Yes.

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Now, can I take you to some documents that predate the email of 25 July 2007? Can I start with volume 32 and could you go to tab 31, page 2?---From Mr Duke?

Sorry, it's actually - no, I've got the wrong document, sorry. Could you go to tab 30, please?---Yes.

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And it's at page 3 and it starts with an email of 20 July 2007, it's from you to Mr Burns with a copy to Dianne McMillan and also a copy to Ms Griffiths. So Ms Griffiths is certainly on the scene as at 20 July 2007. Yes?---Yep.

All right. And also a copy to Mr Hubbard. You haven't told us about Mr Hubbard's role. What was his role?
---Chris was another Accenture representative working full-time on the CorpTech program.

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Who did he answer to?---Ms Griffiths.

Ms Griffiths, in turn, answered to you?---Yeah.

All right. Then if you look at the email there:

Terry, our initial planning for our next meeting has indicated that we would like a whole day to present to your team, preferably 31 July. We will send a draft agenda for discussion. Please confirm your willingness for a one-day workshop.

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Then the response you'll see is at the top of page 3, dated 23 July 2007?---Mm'hm.

Then if you turn the page to page 2, there is an email from you dated 24 July 2007, in the middle of the page, 24 July 2007?---Yes.

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That's from you to a number of people, including Trish Brabyn at CorpTech and a number of Accenture persons. Do you see that?---I do.

And it's re the Accenture proposal. Yes?---Yes.

Now, this would appear to be - well, it is, in fact, dated before Mr Burns's email of 25 July 2007 goes out to all other vendors for a proposal. Yes?---Yes.

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I want you to tell us how it was that Accenture was putting in or making plans to present a proposal to CorpTech and Mr Burns prior to the email of 25 July going out to all vendors. Just tell us the circumstances in which this came

about?---Well, I would just say that the release of that email on the 25th wasn't a surprise to the vendors. I guess, you know, we were all waiting for it. 1

Why do you say that?---Well, it - you know, clearly it was not, you know, a normal tender process in terms of government being very prescriptive about what they were looking for. They needed, you know, fresh ideas, looking for, you know, those ideas to come from the respective vendors, so there had been considerable discussion that RFP was going to be forthcoming. 10

Without taking you to the document, before this request for proposal went out on 25 July, Mr Burns and Mr Goddard had made a presentation to the existing vendors on or about 2 July 2007. Do you recall attending that meeting?---I believe so, yes.

But at least from that - sorry?---Just one thing that came up on my mind just with respect to talking about this email going to Janine Griffiths, I did say that Janine was full-time on the CorpTech program pre her maternity leave; I believe this is when she came back from maternity leave and she was working on the Accenture side with a bid as opposed to working full-time on the CorpTech offices. 20

All right?---If that's important.

Could I ask you to turn over the page to page 1 though? We're still at tab 30 of volume 32?---Yes. 30

If you look at this email, this is referring to Mr Doug Snedden's first opportunity to meet with Gerard Bradley. Is that correct?---Yes.

All right. In terms of the meeting that occurred on 2 August 2007, do you recall that Mr Snedden attended that meeting?---I do.

And was it the first time Mr Snedden had met with Mr Bradley?---Yes, I believe so. 40

Thank you. Now, prior to the presentation, did you seek to have a smaller presentation, if you like, to a small group rather than the large group of people who would be ultimately evaluating the proposals?---Not that I can recall.

Now, can I take you, then, to exhibit 32?---Yes. 50

In relation to this email, this is an email that you wrote. Yes?---That's correct.

From reading the email, according to your supplementary statement, you can't be certain but you think the most logical person that you would have sent this email to was Mr Pedler from SAP. Is that correct?---That's correct.

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You knew at the time, though, that SAP was putting in its own proposal in response to the RFP, didn't you?---Their own response, yes.

Yes. So in one sense, SAP was competing with you for the work that was identified by Mr Burns in his email of 25 July. Yes?---Yes.

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Why would you send intelligence that is confidential to Accenture before you sent this email to an entity or a person who was in charge of an entity that was competing for the same work as Accenture?---Yes. Well, clearly this whole Shared Services Initiative was - I mean, it has been expressed as the biggest thing in the - the IT project within the Queensland government. It was, you know, akin to building a SunCorp stadium or something like that in terms of a very large piece of infrastructure. There were only - you know, I think no more than two organisations that could do that job. We were absolutely looking for a strong driving position as prime contractor to completely overrule the way in which the whole program was being run and SAP because that was - you know, the software, major piece of software that was being implemented, they were already part of our team that was working in there and would absolutely be part of our team going forward. The way Mr Pedler or SAP were putting in their own submission, I mean, my vague recollections would have been that SAP response would be I thought would have been one of more supportive of the program in saying, well, you know, they would be happy to act as a prime contractor but I don't believe SAP is an organization and I guess it has got to my opinion would ever take on a prime contractor outcomes based committed contract the way in which Accenture would and that was what the government was looking for, so I didn't see SAP as being a competitor to us for a prime contractor role.

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But what are the primary motivations in you sending this? Let's assume that you have sent it to Mr Pedler. Yes? ---Yes.

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One of the primary motivations you had for sending it to Mr Pedler was that you were seeking to use him to get further information from Ms Perrott. Yes?---Correct.

Now, it was the case, was it not, that Accenture - including a high representative from Accenture, Mr Snedden, was present at this meeting with the under-treasurer on 10 August. Yes? ---Yes.

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You could have asked the under-treasurer and Ms Perrott who was present about price and sounded them out about price, couldn't you?---Well from afar, Marcus has - it came out that there was around \$100 million left so it was - and you know, we were always of the perspective of, you know, this isn't - you know, hardly ever interested in the budget that was remaining because it was just not going to be done for that sort of figure and you know, that's why I made some remarks with respect to Gerard being very interested to know what the price is because that's what he needed to go back to cabinet or whatever with - expect to seeking more funds.

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But on 2 August, you had not indicated what your not-to-exceed price would be, had you?---That's right, we didn't know, and that's why I have specified, you know, as in this order.

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All right. When you actually did ultimately present to Mr Bradley who wasn't available for the big presentation on 7 August, you did present before him on 8 August, didn't you?---Yes.

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Did you recall him saying words to the effect of this price or not-to-exceed price of 176 million or whatever it was was going to be difficult for the government. Yes?---Yes, yes.

You knew what the existing budget was. What you're trying to do here is use another person or another entity who might have a different track to Ms Perrott to obtain her appetite for your not-to-exceed price. Yes?---Yes.

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Did you see anything proper in that?---No.

Why is that?---Well, I saw that other entity being essentially part of our team, someone who was, you know - because if it was myself in that meeting then, you know, that's the same thing that I would be trying to do so I just saw this as another person representing Accenture's interest. Yes.

Had Mr Pedler come back to you and say, "Look, this government has no appetite for a price over the existing budget," what would Accenture have done?---I don't see - well, we would not have put in a price that we didn't think could be achieved.

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Did you think the work could be achieved under the existing budget?---No.

What work had Accenture done to determine that?---Well, I think out of any of the providers we were the most aware of - you know, how things were operating within the program, the difficulties with respect to, you know, coming up with a standard offering. There's some notes with respect to making sure that, you know, there was a clear message through to the under-treasurer that, you know, there needs to be some very, very strong leadership I guess from Accenture but also - okay, well, this is the design that is going to be - the core solution that is going to be implemented because, you know, every time we went out another agency there was another, you know, 50,000 different requests of why we're so different et cetera and it was to make sure, you know, we stuck to that core solution and had to have Gerard's stamp to make sure that we were able to push that throw the various agencies within Queensland.

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So you weren't asking the recipient of this email just to sound out Ms Perrott in relation to price or her appetite for price, you also asked this person who received this email to find out whether IBM had been before the under-treasurer, didn't you?---Yes.

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What was the purpose of seeking that information?---It was just to know whether or not they were having meetings at that level.

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What if the person had reported back to you yes, they did meet and here is what was said?---Well, I wouldn't expect them to say anything about here what is what was said.

But if the person came back to you and said, "Look, yes, IBM have been before the under-treasurer," would you have stopped at that point to say, "Well, you can't tell what they said"?---Yeah, I don't expect any of them to relay confidential information to another and you know, it goes to the point also with respect to the email being addressed to Mr Pedler is that, you know, as I say, Accenture, SAP, IBM were all big global organisations, their, you know, standards that are expected and, you know, especially in an organization with SAP where they deal with multiple vendors, you know, they are very specific in discussions we have with them about, you know, the (indistinct) walls within their own organization.

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Thank you. A couple of further questions on this document; from your experience in the tender process with Queensland government and government organisations, do you see it as being of any commercial advantage to a competitor to know that one competitor will be putting a not-to-exceed price? ---Certainly in this particular instance, yes.

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Why is that?---Because it wasn't specifically asked for what Accenture were trying to show was how ready we were, how committed we were and that we were able to actually put that number on the table and looking to move forward as soon as possible in terms of our understanding of what was going to be that outcome of that proposal.

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This email doesn't actually reveal what your not-to-exceed price will be at?---Because we wouldn't have known at that time. There's a lot of work between these few days.

All right. Does it reveal in your mind a range at all of the potential not-to-exceed price that Accenture was going to put into the government?---Yes.

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How so?---Well, we certainly said it can't be done on the existing budget. We're thinking it could have been anywhere around 200 million so I guess that is the 10, 20 per cent rule around 200.

The other piece of information in this is that you would require six months for the transition. Yes?--Mm'hm. 1

Would that be a fact that was widely known in the market that anyone coming into this job would require a transition period?---I think it would be expected because of - there were so many elements of scope that were not determined and that would be - you know, a big part of that transition is saying, "Okay, well, this is what that scope of work is," agreeing that with the client and then being able to present specific statements of work to complete as a result of that transition but until that scope is defined, you can't do that. 10

From your experience, is it of any commercial use to a competitor to know that Accenture might take six months to transition into this project?---Well, certainly, you present a transition for anything that's different, anything that is faster or quicker than that is going to be competitive advantage. 20

All right, thank you. Can you turn over the page then, please? It's not your email and you have dealt with this in your statement in any event so I won't, Mr Bloomfield (sic), so I won't take you through it but can I take you to page 4, please, which is an email from Cheryl Bennett to other IBM representatives?---Yes, yes.

You can take it from me that the 76 per cent scoring accurately reflects the score that Accenture was given after the evaluation of the proposals put in response to Mr Burns' email of 25 July 2007. You can also take it from me that one of the weaknesses of IBM identified in the evaluation was the offshore use of talent. Yes?---Yes. 30

If Accenture was given information of that kind by CorpTech or anyone else with respect to its responses to the RFP, would that be valuable info?---Absolutely.

Why is that?---Well, specifically when it addresses what the weaknesses were in the bid and being able to change something with respect to the next stage. 40

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Well, how would you have used that information for the purpose of framing Accenture's tender in response to the ITO? You understand the distinction if you've got that information after the RFP proposals had been evaluated and you're going onto a second stage, namely, the formal ITO, how would you have used that information if you had received it?---Well, the main thing would be, I mean you could potentially start looking at cutting out some more price, so to speak. I mean, Accenture's price that we put in was an all up price including government personnel, from memory. With respect to the information there, it's saying more is being handed off to the agencies. That wouldn't have been costed, it would have been included, so if you assume more is being handed off to agencies that can help you with price. Clearly, with respect to the offshoring, that would something that you would either have to put more emphasis on how it is best for the program or make some adjustments with respect to how that was being done.

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All right. Thank you. Can I take you to a number of emails? The first is in volume 27, page 230. You've read this email before?---Yes.

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Did you ever have a discussion with Mr Burns of this nature?---No, I did not.

In terms of your discussions with Mr Burns which you've described in your statements in your meetings with him, why is the nature of your discussions with him different to this?---Well, I don't see at any time in any recollection of having - of me having an ability to say that I've been having an off the record discussion, you know, that's something that's quite memorable.

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Can I ask you just to assume, though, for present purpose "off the record" means a CorpTech person may not have been present, that's all it probably means, that is, a CorpTech was present at the first meeting but not at the second meeting?---To be off the record would be that, yes, but also information that you don't think should necessarily be shared with others, to be off the record, otherwise it may as well be on the record.

40

All right. Go on?---He certainly didn't tell me he was a long time IBM'er. Sorry, what else was I looking for out of the question?

Did he ever suggest to you that IBM's role in the CorpTech program had been underrepresented?---Certainly not.

50

Did he ever express to you that he was of the view as at 1 or 2 May 2007 that what the CorpTech program needed was a significant increase of involvement by IBM?---No.

60

In terms of his meetings with you, and we appreciate that other CorpTech people were present, but you certainly knew from your meetings with him and his presentation on 2 July 2007 that from Accenture at least, and all the vendors, he was seeking innovative ideas. Yes?---Yes. 1

For the way forward. Yes?---Yes.

And he was seeking you to come up with proposals that would deal with the fact that this program was over time and over budget, yes?---Yes. 10

And did you attempt to do that?---I would say what was perhaps most innovative about our approach was with regard to the way in which we were going to drive the program going forward to achieve outcomes, however, you know, doing the knowledge transfer to government staff, how we were, you know, managing conversions, whatever it might be, yes.

Do you have any recollection of Mr Burns ever expressing to you as a representative of Accenture: 20

There are, in fact, no holy cows on the table here even though Accenture's got this time and materials contract as they've been doing the work here and Logica's been doing the work here, there are no holy cows.

Do you remember that being said to you?---I can imagine it may well have been. 30

I asked you a question before of what you viewed as the prime contractor role for Accenture, and you were keen on this prime contractor role as early as April 2007, weren't you?---As early as the first tender for any work within CorpTech, yes.

Quite. And you appreciated that if you got that prime contractor role, Logica would lose out. Yes?---Yes. 40

IBM would lose out. Yes?---Yes.

So, in that sense, the existing contractual arrangements were not sacrosanct in terms of fixing in place the way forward?---I'm not sure exactly what you by that.

All right. I express it very badly. Did Mr Burns ever say to you words to the effect, "The existing contractual arrangements are not a hindrance to the way forward"? ---Well, I think that may well have come up in discussion, I mean we, I guess, knew that from the point of view of the contract we had ourselves. 50

Thank you. Can I take you, then, to volume 32, page 89? This is an invitation, page 89. It's not your email - - -?---Yes.

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PORTER, S.R. XN

- - - Mr Porter, but you've seen this email before?---I have. 1

All right. And it's a dry run that occurred on or about - it's an email that's dated 1 August for a dry run that's to occur at IBM's offices in front of Mr Burns, and the other person invited is Mr Goddard. Did you know a Mr Goddard? ---Yes.

Did you know him to be a contractor at CorpTech?---Yes. 10

All right. Did you have any one-on-one meetings with Mr Goddard in relation to this process?---No.

Do you know what a dry run is in the industry?---Yes, an opportunity to test your ideas, test what you're going to present.

Did you ever present Mr Burns and Mr Goddard with a dry run of Accenture's proposal?---No, we did not. 20

Would you have wanted to take advantage of that opportunity at the time?---If it was something that was offered to all vendors, yes.

All right. Assume Mr Burns didn't offer it, assume that it was arranged by Mr Bloomfield from IBM, why couldn't you have rung Mr Burns and said, "We want to do a dry run of our proposal to you before we go and see the full team on 7 August 2007"?---That's something that needed to be asked, which we didn't. We were working that hard with respect to the proposal that we were presenting or developing, that wasn't something that we pursued nor expected. 30

When you say "didn't expect it", why not?---Well, it's not common practice.

Is that anything that would have stopped you in relation to the Mr Burns from picking up the phone and saying, "Can we try you out for a dry run of our proposal before we go and see the under-treasurer, or before we go and present our full presentation on 7 August"?---Anything that would have stopped me doing that? 40

Yes?---I guess I could have done that but as I say, it's not common practice, so it's not something that I would have looked for.

50

Can you tell the commission what was the nature of your professional relationship with Mr Burns as at August 2007?
---Well, I would have said that he is the one within CorpTech who was driving the RFP and evaluation process.

1

Was he a person you had identified as needing to influence - - -?---Absolutely.

And did you attempt to influence him?---Yes.

10

Those attempts to influence constituted your meeting with him on 8 May 2007. Yes?---Yes.

What other attempts were made to influence him to Accenture's way forward?---I couldn't comment outside of the diary notes that I've been able to present and, as I say, you know, we would have been very much advocating that Mr Burns should be recommending the prime contractor approach.

20

Do you distinguish between what happened on 2 August 2007 where Accenture actually met with the under-treasurer and Ms Perrott, and Mr Burns - - -?---Yes.

- - - to a dry run that's contemplated here?---Well, the meeting that we had on the 2nd was specifically with Mr Snedden being there. He was the managing director of Accenture in Australia, so, you know, there's a number of objectives that Marcus alludes to his file note, but certainly given the nature of Mr Snedden being there has really been about our messages to the government saying how committed Accenture is to the whole checklist program and to, you know, ensuring the outcomes the government was looking to achieve.

30

At the meeting with the under-treasurer on 2 August 2007 did Accenture go through its proposal with the under-treasurer?---Well, it wouldn't have been prepared at that stage.

40

May I then take you to volume 33-2, page 424?---I'm sorry, volume 33?

Page 424, please, Mr Porter. It's the second email on the bottom of the page. Have you read this one before?---Not overly familiar with it.

All right. Could I ask you to commence at the second paragraph and read down to the bottom of the page, please?
---From "however"?

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Yes?---Yes.

As at 28 June 2007, had Mr Burns ever expressed to you, directly or indirectly, that he was frustrated with Accenture's lack of new ideas?---Not that I can recall.

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Did he ever say to you that he was frustrated with the lack of new ideas from SAP?---Not that I can recall. 1

Did he ever indicate to you or say to you that Mr Bradley was of the view that he needs to see that this money, that is the existing budget of \$108 million, which you knew of, that this existing - that money had 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? Did Mr Burns ever say that to you?---I don't believe so. 10

All right. Did you know in the marketplace, at least, or in your experience in dealing with governments that Mr Bradley had it available to him to go back to parliament if that budget wasn't sufficient for the prime contractor model?---I would believe that was our expectation post our meeting on the 2nd.

Of July?---Yes. 20

All right. Thank you. Now, when you say that - - -? ---August, I think it was.

2 August. I see, sorry, 2 August. Right. Thank you. Prior to 2 August, however, did you know whether - sorry, had Mr Burns ever said to you words to the effect noted in that email?---I can't recall.

Finally, may I take you to paragraph 18 of your statement. It's of your first statement, please?---Yes. 30

This is a meeting that you had on 23 August 2007 at Barbara Perrott's office. Yes?---Yes.

Do you recall who else was present?---I believe - well, Marcus and Janine, Terry and Barbara, and Chris Hubbard, as far as I can recall.

All right?---I don't think there's anyone else who I haven't noted. 40

And when you say "Terry", you mean Terry Burns. Yes? ---Correct.

All right. What was discussed at this meeting?---Well, I believe this was the meeting in which we were informed that they were not going to be able to buy off the RFP process and that we're going to move forward with another process, and to us it was essentially run the tender again. 50

Did you ever find out where Accenture was placed after the RFP process?---No.

Was there market gossip that Accenture were happy placed on one?---I would have had some market gossip that thought we were in front. 1

All right. And did you know who was placed second?---No.

Well, who did you expect to be placed second?---IBM.

Yes. All right. Thank you. That's the evidence-in-chief.

COMMISSIONER: Mr Kent? 10

MS KENT: I have no questions, if it please, commissioner.

COMMISSIONER: Thank you. Mr Doyle.

MR DOYLE: Yes, thank you. Just excuse me for a moment, please. Mr Porter, you've expressed that it's difficult to recall events six years after they were meant to occur - - -?---Yep. 20

- - - and that's obviously so, and I'll take you to some things in the course of this, but when you say you don't recall, is it that you're saying you can't recall either way whether something did or didn't occur?---That's correct.

Okay. In your statement, that is in your first statement, you refer to - just excuse me - having had access to a series of entries in your Outlook calendar?---Yeah. 30

So that's an electronic record, I take it?---Yes.

Which you have?---Yes.

Does it also give you access to the emails which you had? ---No.

Generally if you have access to your Outlook calendar, that means you have access to everything that's recorded in - - -?---I've - - - 40

Is that right? Is what I've just put to you correct?---No.

I see?---I have converted my calendar that many times since I left Accenture from an Outlook base to a - copied it all into my personal mailbox and I've also migrated to a Mac, so all I have is calendar entries and I do not have emails.

And the emails, presumably, are left behind somewhere within Accenture?---Correct. 50

And you received a summons, I take it, to attend here today?---Yes.

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PORTER, S.R. XN
PORTER, S.R. XXN

And you received a summons to the interview prior to signing the first of your statements?---Yes. 1

And you were interviewed prior to signing the first of your statements?---Yes.

And were you summonsed to be interviewed before the signing of the second of your statements?---Yes.

Okay. Now, I'll take you back to some aspects of that shortly. You were aware, weren't you, of Mr Burns having had some involvement in what's referred to as the snapshot inquiry, the detail of which doesn't matter for these purposes. You were back in April 2007 aware of his involvement in that process?---Yes. 10

And then there was an announcement of his engagement to undertake some different process, which became the May review?---Yes.

I'll have you shown volume 32, please, and you may even have it with you. Can you turn to item 29?---Item 29, is it? 20

Yes?---Yeah.

At page 32. And towards the bottom of that page, there's a message which is described as a message from Barbara Perrott and Geoff Waite, and you know who both of those people are?---Yes. 30

Which announced, I want to suggest to you, Mr Burns' engagement to do something and this was a document which was circulated amongst various people, including to your company. I'll just help you. If you go to page 33, there's a heading "Implementation Replanning", and if you read the paragraph under that heading, the first paragraph under that heading?---Yes, yep. Yes?

Now, broadly speaking, you understood back in May 2007 that's what Mr Burns was to undertake?---By the date I knew, yes. I mean, this an email I've certainly not - I expect I saw. I can't recall. 40

You can't recall. That'll do. But, look, doing the best you can now, that's consistent - - -?---I would expect that I did refer to it, yes.

The Ms Mottershead proposal that we looked at earlier this morning - - -?---That wasn't a proposal. 50

Okay. The document?---Mm'hm.

It's dated 18 April?---Mm'hm.

And it contemplates, I think you said, some ideas of how things could be changed if it was to remain under a CorpTech driven administration - - -?---Yep.

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- - - if I can put it that way?---Yep.

You also told us that you and Accenture generally had for a long time been an advocate of a prime contractor model? ---Yes.

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When did you tell that to Mr Burns?---I couldn't tell you a specific date but I would expect I told him when I thought it was relevant information that he should know with respect to Accenture's position.

Okay. So that it is right to say that Accenture was an advocate of that view?---Yes.

And given your appreciation now of what Mr Burns is to do, to look at how things could be done better in the future, you don't have any doubt at all, really, that you would have had advanced that view to Mr Burns - - -?---Yes.

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- - - as early as possible?---Yes.

But we don't see any of that referred to in the statement. I'm not being critical. You can't recall an occasion when you did that or if you do recall it, you haven't told us that in your statement?---In my own writing in terms of coming up to grips with it myself - so, well, actually, take that away; in the tender document that I was refreshed with, Accenture's RFP response has quotes from various people, I just seen this the other day, so that Accenture had been an advocate of the prime contractor model since the originalisation of the SSS program.

30

I'm not doubting that but I'm just sort of trying to get a feel for your recollection of key events - - -?---Yep.

- - - do you understand? So we've got a company that was an advocate of a particular view?---Mm'hm.

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You're told and you understood there was a man whose role it was to review the way forward to identify what was wrong and how to best change it?---Yes.

You certainly thought the way to best change it was to have a prime contractor and for that prime contractor to be Accenture?---Yes.

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So that there'd be no doubt that in early on in the process of whatever engagement you have with Mr Burns, you would tell him of your view?---Certainly.

And that was an important matter as far as Accenture was concerned. Yes? You've got to answer audibly?---Yes.

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PORTER, S.R. XXN

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A matter of significance. But we can't see that you've been able to recall a meeting in which that important information was conveyed to Mr Burns?---As I said, I was advocating it all the time, to recall a specific time that I might have said it to Mr Burns, I can't. 1

Okay. That's the point. So an important matter. You have no doubt you did discuss it with him - - -?---Yes.

- - - but you can't help us with when - - -?---Correct. 10

- - - or where - - -?---Correct.

- - - or who was present?---Yes.

Thank you. Now, again, and I know you may not be able to help with specifics, but early on in your dealings with Mr Burns, you would have made - I'm sorry, I'll start again. You understood that his role was to come up with some, if he could, some innovation, something new?---I've seen that in some correspondence, yes. 20

Well, it certainly was not the case that the way that he was to investigate was to do the same as been done in the past?---Yes.

So he was looking for ideas for something new. Yes?---Yes.

And that the idea for that was to try to encourage - sorry, I'll - and in the course of having discussions with you, if you can recall it, was to get from you, if he could, your ideas as to what change could take place which would be a good thing for the SSI program?---Yeah. 30

And he encouraged you to come up with - to help him come up with ideas - - -?---Yes.

- - - and to be expansive in your thinking?---Yes.

In that context, even if you may not remember the precise occasion, you have no doubt he told you that nothing was off the table, anything would be considered?---That's plausible, yes. 40

Well, you don't recall that or - - -?---I don't recall that specifically being said, no.

Okay.

COMMISSIONER: Mr Porter, can you remember if you raised the suggestion that there should be a prime contractor, no doubt Accenture should be it, with anyone prior to your speaking to Mr Burns and, I guess, in May 2007?---Would I have raised it with anyone prior to - - - 50

May 2007 when you spoke to Mr Burns (indistinct)? 1
---Absolutely. I would have raised it.

With whom?---With Geoff Waite, Darrin Bond years before.

MR DOYLE: But it hadn't been taken up years before?
---Correct.

And when you had your first meeting with - sorry, when you have the meeting of 8 May to which you refer in your statement of Mr Burns, the statement suggests it was to show him or to go through with him the document Ms Mottershead prepared?---Yes, that's correct. 10

It is one which doesn't refer to a prime contractor model at all?---Correct.

Indeed, it is one which is premised upon CorpTech - - -? ---I don't believe - I haven't reread that document, but I don't believe I did because I - the context was around issues that were with the program. 20

Right. So to go through that with him would be really to mislead him about your true ideas about the way forward, if that's all you did?---I'm not sure what you mean.

Well, if you had a meeting with him in which he's asking for innovation and expansive thinking, and you only went through with him a model which - sorry, ideas which are those set out in Ms Mottershead's paper, and didn't tell him that your idea was there should be a prime contractor. That would be to sort of conceal your real intentions. I'm not saying that, again, in a critical way?---Yeah, yeah, no. That's reasonable. I'm just not sure the dates of everything with respect to the date of Karen's memo before or after - if Terry was just at that time looking at how the current program was operating, then that may have been all that was discussed, but I certainly say that, you know, I wasn't shy in advocating a prime contractor model. 30

So the likelihood is that you made plain to Mr Burns that's the way you saw things going forward - - -?---(indistinct). 40

- - - and (indistinct) is very early on in your engagement with him?---Sure.

Okay. And again, without going to the detail, he made it very plain that he wanted to encourage Accenture to be enthusiastically involved in identifying and pursuing some improvements in the process?---Yes. 50

Thank you. You would have said of him at the time, at least in May 2007, that he was seeking to encourage you to help him come up with ideas as to the best way forward for CorpTech?---Yes.

And you knew, or you thought it likely at least, he'd be saying the same thing to others, to your competitors? ---Yes. 1

To try to encourage a competitive competition between large companies?---Yes.

With a view to securing the best outcome that he could for the client, in this case, CorpTech?---Yes. 10

And he was motivating you and you expect that he was motivating others to help him in that process?---Yes.

Thank you. Now, I know this is hard, if Ms Griffiths went on maternity leave you can't recall when she went or when she came back?---I think it was for the most part of that first six months of 2007.

That she was away?---Yes. 20

Okay, so your recollection, as best you can, is that she came back about July - - -?---Yes. 20

- - - for these purposes. When she was at CorpTech she had an office there?---And that was before she went away, yes.

Before she went away she had an office at CorpTech?---Yes.

There were many other Accenture personnel or Accenture contractors who were working at CorpTech premises?---Yes. 30

And when Ms Griffiths went away on leave who took her role, do you recall?---Probably not specifically her role, but operating in her role would have been Karen Mottershead.

And also Chris Hubbard?---Yes.

Okay?---Chris was just a slightly more junior Accenture person. 40

Was Chris Mottershead - - -?---Karen.

Sorry, Karen. I've converged two, as I do. Was Karen Mottershead at CorpTech with an office there, to your knowledge?---Sorry, Chris?

Karen Mottershead?---Chris and Karen both had offices.

Both had offices at CorpTech?---They were both located there, but I don't think they had specific offices but they were located at CorpTech, yes. 50

Desks then perhaps?---Yes.

All right. And there were no doubt other Accenture personnel that had desks there as well, the whole of the time?---Yes.

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Your expectation would be that someone in the position of Mr Burns pursuing the implementation re-planning that's set out in that document I showed you a moment ago would start by talking to people and trying to get information about the program?---Yes.

10

And would be asking them to tell him things about what's been done, what the problems were which were encountered and what ideas they had of how they could be overcome? ---That's reasonable, yes.

And you'd expect him to be doing that by, amongst other things, walking around and talking to people on the shop floor, on the office floor?---Yes.

And those people would include, in the case of Accenture's representatives, Ms Mottershead and perhaps some others? ---Yes.

20

You would undoubtedly expect your personnel, or the personnel at CorpTech who were Accenture personnel, to be cooperative to provide information to Mr Burns?---I would.

And you know that's what happened?---I would expect that they would be giving that information in terms of the environment in which they were operating in, being CorpTech running the program. I wouldn't expect that those people were in a sales mode which would be recommending the prime contractor.

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Okay, well, it might be your job to recommend prime contractor - - -?---Correct.

- - - but in terms of providing him, that is, Mr Burns, with information about what's been going on, ideas about problems and ideas about how they might be overcome, you've no doubt that those people are well equipped to do that and would have done so?---Correct.

40

For all you know, they would have been meetings where Mr Burns come up to their desk or they would enter his office one on one?---I can't make comment on that.

Okay.

COMMISSIONER: When you say "you'd expect them to talk to him about what might be done to improve things", would that extend to recommending the prime contractor roll-out?---No, I'd see that as being something that's more a sales activity advancing Accenture's cause, which would be more my role. They were engaged at CorpTech, they were being

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paid for by CorpTech, their role was how was it operating here at CorpTech in this environment now. 1

MR DOYLE: Okay. So sales is your role?---Yes.

Sales includes persuading Mr Burns of the desirability of a - sorry, persuading CorpTech of the desirability of a prime contractor model?---Yes.

No doubt you would have told that to Mr Burns at some stags?---About the prime contractor model? 10

Yes?---Yes.

And in your mind that meant the removal from the project, if it had succeeded, of Logica and IBM?---Yes.

So it would have been part of your engagement in discussion with Mr Burns to advance to him the prime contractor model knowing that it would lead to an increase in the involvement of Accenture in the project and to grow the business of Accenture?---Yes. 20

And that's what you left to do, really?---Yes.

No doubt you attempted to do it?---Yes.

Can I ask you to go, please, to volume 27, to page 267, please? I'm not suggesting you've seen this email before, but I want to see if you can help me understand something in it. It's an email dated, at the top of the page, 16 May. Do you have that? 30

COMMISSIONER: Mr Doyle, I hesitate to interrupt, but how can Mr Porter be of much assistance in questions about emails that went to other people?

MR DOYLE: All right. Put it aside, Mr Porter. Do you recall being involved in negotiations with Mr Burns in the middle of May 2007 with a view to them being negotiated a week or so later? 40

COMMISSIONER: The question again, please? I'm not sure I followed it.

MR DOYLE: Do you want me to ask the question again?

COMMISSIONER: If you don't mind.

MR DOYLE: Do you recall being involved with negotiations with Mr Burns in the middle of May 2006 with a view to them being concluded a week or so later?---Negotiations with respect of what? 50

That's what I'm asking you, please. Do you recall being involved in any negotiations with him in that period?---I can't specifically.

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You can't?---No.

Okay. Thank you. Around about the same time, so around about the middle of May 2007, if I referred to a proposal from Accenture having been received by Mr Burns can you think of a document which might identify what that was? ---Only from documents that I have reviewed as part of the process, there was perhaps a PMO activity going on.

10

Just concentrate on the dates, if you would. I'm asking around about 21 May 2007?---I can't think of any particular negotiations.

All right. Thank you. Now, you know, and I'll ask you to assume, that there was a letter sent out to various suppliers on 2 July 2007 inviting them to - sorry, there was a letter sent out inviting suppliers to attend a supplier presentation on 2 July 2007. Do you recall that? ---I'll take your word for it in terms of not seeing the document specifically at the moment.

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All right.

COMMISSIONER: Can you recall the event not the date? ---Yes.

30

MR DOYLE: And there was such a presentation which you went to?---Yes.

It was given by Mr Burns and Mr Goddard?---Yes.

Arising out of that there was some proposals put forward by the various suppliers, Accenture included, in the middle of July?---Yes.

Followed by an email of 25 July, to which you referred this morning although I don't think you were shown it?---Yes.

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You're familiar with that?---Yes.

Shortly after that supplier presentation, can you recall if there was some attempt between Accenture, SAP, Logica and IBM to consider a joint proposal being put to Mr Burns? ---Extremely vaguely. That's something that - - -

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I will see if I can help you?---Yes.

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There was such a thing and Mr Duke on behalf of people made an approach to Mr Burns and this is the message that came back, that in effect the treasury would be disappointed if the suppliers didn't put in individual proposals. Now, do you recall that message coming back to you at least?
---That rings a bell, yes.

Okay. So some time in July after that supplier briefing, you were aware that the idea of a joint proposal was discouraged - - -?---But I could never see Accenture pursuing that in any case.

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No. I understand that?---Yeah.

Nobody did in the end but the message that came back was you were to provide individual proposals?---Yeah.

And that's the way it proceeded thereafter?---Yes.

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Thank you. Now, can I ask you to go again to volume 32 to tab 30 to page 3?---Page - - -

3. At the very bottom, you have got an email from you to Terry, you can see your name over the page if you need to?
---Yes.

Now, this is at a time when it was right to infer you were anticipating the email of 25 July being sent out. You were anticipating being asked for some - - -?---Most probably.

30

Yes. At this stage you had in mind for your initial planning a presentation or a meeting of some kind on 31 July. Do you see that?---Yes.

You say that you will send a draft agenda as well as a list of questions that would help us direct our proposal to you. Can you see that?---Yes.

40

So that we should understand Accenture had in mind delivering a list of questions to Mr Burns and perhaps others for the purposes of him and they helping you direct the Accenture proposal?---That's what it says.

That you see as a perfectly acceptable thing to do in the context of the anticipated RFO or RFP as it's called?---Yes.

Then if you turn across to page 2, it was the email that my friend has taken you to which is on 24 July at 5.30 in the afternoon, 5.31, and it says, "Terry, thank you for the meeting today." Do you see that?---Yes.

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Now, do you recall a meeting with Mr Burns on 24 July?---Is it one of my diary items?

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No, you don't think so. You don't recall it?---In which case it would say that I did have one but I can't specifically recall it, no.

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Okay. So you can't recall with whom?---No.

Apart from Mr Burns?---Yes.

It says as a result of what we discussed and obviously you can't recall what was discussed?---No. Well, only from the context of the email.

10

Right, that's what I'm going to take you to, some parts of it. Obviously you discussed a way forward and what that included having a meeting on 1 August and then another one which is a presentation on 7 August. Do you see that?
---Yes.

If you go to the second-last paragraph of the email prior to 1 August, you will be conducting one-on-one meetings with SDA members. Is that correct?---Yes.

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Now, this is a passage to which you refer in your statement and it refers to one-on-one meetings. What was contemplated is that Accenture representatives would go and speak to individual members of the SDA - - -?---Well, not necessarily individual members. I mean, the whole idea of that was with respect to defining scope so it would have been our functional expert talking to their functional expert.

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Okay?---Who that might be, I could not recall.

All right. It won't matter for these purposes. So that is to happen to assist you in with your preparations, and then that's to happen prior to 1 August and then you have got to have a meeting with the nominated people for two hours which you have called the key issues meeting and workshop. Do you see that?---Yes.

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You had in mind when you sent the email that this would be a meeting at which you would identify to the recipient, the people that you asked to attend, the key issues that were going to form the Accenture proposal and to workshop with them, that is to get their ideas, in response them?---Yes. If I refer to the file notes, it's very specifically - sends some specific messages of Accenture.

Yes, we will come to the file notes?---Mm'hm.

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But it's to send the Accenture messages and to get the reaction of the parties to those messages?---You would expect that, yes.

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PORTER, S.R. XXN

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Yes. That is to find out if you are meeting their expectations and also to try to persuade them they should meet yours in a sense, be consistent with what you have in mind? ---Yes. 1

Again, when you sent the email, certainly there was nothing wrong, in your mind, with the idea of meeting with these key decision makers, identifying to them your key issues of what you were going to propose in your proposal and getting their reaction to?---That was as a result of the meeting I had with Terry and the way in which he wanted to progress. 10

So was it his idea to have this meeting?---Well, I'm just saying - yeah, I can't recall as to whether he or I proposed that.

All right. Whoever proposed that, you and he agreed that an acceptable way forward was to have a meeting with the objective that I just put to you?---Yes. 20

And you certainly saw that as a welcome opportunity to meet some key decision makers to try to influence them. Yes? ---Yes.

You're nodding but you have got to answer?---Sorry. Yes.

And to get their ideas, their reaction to your key issues, the points that you were going to raise?---Yes.

If you turn back to page 1 of that tab, at the very top of the page there is an email from you to Trish Brayden at CorpTech. I'm suggesting to you referring to the agenda for that meeting on 1 August will involve discussing our plans for the executive level governance of the program so that's your ideas or Accenture's ideas about how the program will be run. That's right?---That's correct. 30

Including organization structure so that the management and control of the program which Accenture proposed was going to be something to be raised at this agenda, at this meeting?---Yes. 40

And it is right to say, isn't it, the governance of the program and the organizational structure were key elements of the Accenture approach as reflected in your proposal? ---Yes, at the very high level that would have been that, at short.

THE COMMISSIONER: What do you mean by that?---We're meeting the under-treasurer so we're seeking to get - - - 50

No, what do you meant by governance and organizational structure were important?---Well, just how the program is going to be - I guess given the endorsement by the under-treasurer with respect to when we come up with a core offering, making sure that that core offering is able to be

rolled out amongst the other agencies and having, you know, his level of support behind what we were doing. You know, the way in which it was operating was there was so much ability by every agency to come up with another 1000 requirements which clearly has a high impact upon scopes.

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Yes, thank you.

MR DOYLE: Thank you. So this email that I'm taking you to also says that the meeting will involve discussing our proposed contracting model and approach so - I know this all happened at an elevated degree of generality but that was the objective, to lay out the whole, really, of your proposal to the - - -?---The what?

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The whole structure of your proposal at a high level and get the reaction from those people?---Whole in terms of engagement at the executive level about how we would want to have a not-to-exceed price, how we would be able to fix price components of work under that model.

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Sure. Okay?---So to that extent, yes.

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And Mr Salouk's notes, which you have referred - well, I'm sorry, Mr Salouk's reconstructed notes of an email to which you've referred are consistent with your recollection, are they, of what - - -?---They are, yes. 1

- - - happened at that meeting? All right. And do you have them?---Yes.

You'll see that under the heading "Objectives", about halfway down the first page of that note - sorry, it's - - -?---Yep. Yes. 10

It refers to, "Engage with exec prior to workshop on 7 August. Ideally test one or two key ideas"?---Yes.

Okay. And, now, they're his words, I know, but your recollection is that's in fact what happened at the meeting of 2 August?---Yes.

Then under the heading Proposed Topics it's been written in advance, if you like, of the meeting. You'll see at point number 5 there's a reference to feedback on Accenture's sessions with CorpTech's staff?---Yes. 20

Do you recall what sessions with CorpTech staff are referred to?---When I looked at it, my recollection of that is exactly what I saw as being the whole problem with the SSS program in that, you know, no-one was accountable for the actual delivery, so with so many hands off, it became very, very difficult, you know, frustrating for Accenture, hence, you know, the Karen Mottershead's email. What I was particularly concerned about was Accenture as, you know, the incumbent in the HR program. And by "incumbent", I just say we are providing resources and essentially nothing else, but that somehow, and perhaps it came out of some of this feedback that they were saying, "Oh, the Accenture approach," or, "What Accenture's doing," blah, blah, blah, was, you know, we needed a fresh organisation, and what I believe it would be about is saying, you know, Accenture hasn't, as an organisation, has not been running this program in any way, shape or form and that, you know, the people that we're going to be presenting to are potentially thinking that we are the cause of any (indistinct) that may have happened to date, and there could be some bias in terms of the evaluation. 30 40

All right. That was something that you discussed at the executive meeting on 2 August?---I believe so.

Okay. Now, you know after that there was some presentations, which don't matter for these purposes, and then there was a decision made on 16 August which was ultimately notified to everyone that there would be a prime contractor?---On 16 August? 50

Sorry, I'll withdraw that. You were notified ultimately by a letter that you can recall that there was to be a move towards an ITO, there was going to be another process?---If that's right, yes. 1

Well, you know you moved to an ITO?---Yeah. I don't know - it's the dates that - - -

All right. Well, I'll give you some dates. We'll look at documents if we need to. I want you to assume on 20 August you got a letter, as did all of the supplier, which, in substance, said what I've just said?---Okay. 10

And it also notified you that the two most highly rated suppliers in this process had Accenture and IBM?---I haven't read the email recently to know that.

You don't know that? Assume it, please?---If it's an email and everyone said that, then - - -

It's a letter - - -?---Okay. 20

- - - in which you were advised - - -?---I can't recall it, that's all.

Okay. But in any event, you answered my learned friend earlier today that your expectation was that you were the most highly rated, that is Accenture was the most highly rated, and IBM was second?---Scuttlebutt of that. 30

Well, that's what I wanted to ask you about. And you had heard rumours to that effect somewhere or other? ---Somewhere or other.

And can you tell us from whom?---Absolutely no idea and, yeah, I couldn't begin to even propose.

Have you not been previously asked to reflect upon how you might have become aware of a determination that Accenture was the most highly rated and IBM second most highly rated? ---I would have absolutely no idea. 40

I, in fact, didn't ask you that, but thank you. The first time you've been asked to consider that question is by me. Is that right?---Yes.

Thank you. "Scuttlebutt", does that mean gossip, rumour, market information?---Sure.

It's something which is common in the industry?---Not overly so. 50

When you heard this gossip or rumour that Accenture was number 1 and IBM number 2, you weren't motivated to complain to someone that must be the leak of confidential information?---No.

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And you didn't complain to anyone?---Well, there was no credibility.

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I see. Thank you. Now, can we go, please, to the first of your statements, exhibit 51A, to paragraph 20, where you've had brought to your attention an email which you sent?
---Yes.

At least by 3 August 2007?---Yes.

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And I take it you look for, amongst your records, for the original of that email?---I have.

COMMISSIONER: Mr Doyle, I consider, too, that we've acquired Accenture's reduced copies, if they can find them, and they can't.

MR DOYLE: I understand that, I'm grateful for that, and I'll press on, if I may.

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COMMISSIONER: Of course, but I wanted you to know that as well. It's not just we've asked Mr Porter for copies, we've asked Accenture.

MR DOYLE: Yes. Now, in paragraph 20 when you signed this statement, you understood that the focus or a focus of attention was the identity of the person to whom that email had been sent?---Yes.

And why you said those two were questions which were the focus of attention?---Yes.

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And whist you say in this statement you cannot be entirely sure, you do offer a view as to what you could then recall?
---By the context of the email as to why and who I might have sent that to, yes.

You say, "I consider it likely for me to have sent this email to our proposed subcontractors within our RFP"?
---Yes.

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And did you intend to convey that you had sent it to all of the proposed contractors?---No, absolutely not.

Right. Did you intend to convey that you had sent it to one?---Yes.

So the reference to "our proposed subcontractors" should read, if we understand that correctly, "one of our proposed subcontractor within the RFP"?---Well, at this stage of making statement, it was saying that was the audience to which I would have sent - expected I would send it as subsequent to this. To put it more specifically, you know, it's a damaging email and I didn't necessarily - while I believed, as it comes out in my second statement, that the

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most likely person I sent it to was Mr Pedler, I had no desire in naming Mr Pedler because I could not say it was him for sure and nor did I want to imply anything with respect to Mr Pedler's integrity as to how it may have got to Mr Bloomfield.

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Thank you, because it saves me a lot of work. So when you signed this statement, you believed, really, it was Mr Pedler. You weren't certain, but that's what you believed?---In my mind, yes.

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You didn't want to cause him grief?---Correct.

Did you tell in the interview the commission that you believed it was Mr Pedler but you'd rather not mention him because you didn't want to cause him grief?---Yes.

You did. I see. Did the interview take place prior to the signing of this statement?---Yes.

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Well, I'll ask you again, Mr Porter. The reference to, "I consider it likely for me to have sent this email" - the word "to", I think, is missing - "to our proposed subcontractors" is, you'd now accept, misleading?---I'm just - well, no, because I'm saying it's the context of the people of the audience that I would have addressed this to. I may have had that particularly in my mind but I don't see that as a false statement.

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Okay. Apart from Mr Pedler, do you think it likely you sent it to anyone else?---Not that I can think of, no.

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So in terms of judging likeliness and unlikeliness, the only person it is likely that you sent it to is Mr Pedler?
---From the context of the email, yes.

Thank you. He, at the time, was, as you knew, a senior officer of SAP?---Yes.

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He was, at that stage, to your knowledge, a competitive tenderer, or his company was?---He was another tenderer.

Yes?---You know, they were sending derogatory or arrangant in terms of what SAP were proposing to what Accenture was proposing. Accenture was proposing something quite different.

Sorry, quite different from whom?---From SAP.

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How do you know that?---From my working with SAP for many, many years, they're not an organisation that would take on the scale of a program such as this and take a prime contractor role which had responsibility for outcomes.

The email of 25 July, which Mr Burns sent to everyone, starts by asking for a firm proposal identifying certain things, and the first thing that's asked is, "Are you prepared to undertake the role of prime contractor?" That's the first thing you recall that's asked. So the purpose of this RFP, this process, is for people to put forward proposals identifying whether they would or would not act as prime contractor. Yes?---Yes.

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And you knew at the time you sent this email to Mr Pedler that SAP was contemplating at least putting in a proposal? ---Yes, but once again I would not contemplate - the way in which SAP might define the prime contract would not be one which was taking the accountability that we were going to take.

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Okay. You thought you put in a better proposal than that? ---Absolutely.

All right. Would you go to your second statement, please? Start with paragraph 7. Just read it to yourself?---Yes.

Are you recording in paragraph July what you now think or what you can recall you thought back in August 2007 Do you understand?---Not entirely.

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Okay. You say, "To me" - - -

COMMISSIONER: I think I missed the point of that exchange.

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MR DOYLE: I asked whether he's stating what he now recalls, thinks, or what he recalls of what he thought in 2007.

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COMMISSIONER: And the answer was?

MR DOYLE: You asked me to ask it again, which I'm going to do. You say in the first sentence, "To me, my email was seen as low risk as I had faith in the integrity in Mr Pedler and the SAP organisation"?---Yes.

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Are you recalling, now, that back when you sent the email you turned your mind to the question and you said to yourself, "Look, this is a low risk sending it to him"?---I can't specifically, but, yes, that's not unreasonable.

So it's likely to have been your thought processes back in August 2007?---Yes.

You say that SAP was a consortium partner of Accenture? ---Yes.

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What do you mean by that?---That they would be an integral part of our team to, you know, roll out the SSS solution and were implementing the software in every engagement. Where we use SAP around the world, there's always an element of SAP involvement which can be quite extensive at times.

You're not suggesting that you and Mr Pedler had agreed some arrangement between Accenture and SAP in relation to your proposal?---No.

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For example, you're not also suggesting that SAP had promised if it had won the tender it would somehow engage Accenture?---No.

It was just that your proposal was the one which intended to use SAP?---I would expect that IBM would be using SAP as well.

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Equally, one could say SAP was IBM's consortium partner? ---Yes, but I don't believe to the same extent within Accenture's proposal.

So that we're clear, there's no expression of an agreement or understanding between you and Mr Pedler that the SAP proposal would use Accenture in some way?---No.

Indeed, no expression of an agreement with Mr Pedler that the Accenture proposal would use SAP?---No expressed, but I would see it unnecessary at that point in time when you're implementing SAP software.

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All right. Thank you?---And I guess, you know, it was a one-week turnaround time.

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And what's that?---In normal course of business, there might be teaming arrangements put in place, and there was no teaming arrangement that I can recall.

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If we turn back to paragraph 6, at the bottom of page 2 you have a sentence commencing, "In my view, it was in SAP's interests to prefer Accenture's bid because Accenture proposed using SAP software"?---Yes.

That's not a matter you discussed with Mr Pedler?---I don't recall specifically, no.

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I do want to test your recollection about this. Do you recall having a discussion with Mr Pedler in which you said, "It's actually in SAP's interests to support the Accenture bid because we're going to do what we say here"? ---I can't recall specifically saying that.

You may have? It's the kind of conversation you would have had?---Perhaps.

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All right. Again, when you say "perhaps", is it likely you had that conversations?---It's neither likely or more likely, fifty-fifty.

Fifty-fifty? All right. Doing the best you can, it is equally likely that you said to him as not saying to him, "It's your interest to support my bid because we're going to use SAP"?---Yes.

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You knew, however, that he was or was likely to be also engaged in discussions with IBM, you say?---Yes.

And tell me, please, what your belief is as to the nature of those discussions is likely to be?---Somewhat similar to mine.

Thank you. And that is? Would it be to identify that IBM would be using SAP for some part of its proposal?---Yes.

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Perhaps identify if there was any difficulty with SAP working with IBM?---Sorry, say that one again.

To identify whether SAP would work with IBM?---Yes, sure.

Would that go without saying, would it?---IBM and Accenture both work with SAP all the time.

Do you think it likely that there was a discussion between IBM and SAP in which an IBM person said to a SAP person, "It's in your interest to support the IBM bid"?---I can't make comment on that.

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Okay. Thank you. Now, you phone Mr Pedler less than a week ago, that's so, isn't it? You phoned him within the last week?---Yes.

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Tell me what you said to him?---Well, I wanted to - I had no idea whether or not Mr Pedler had been called by the commission, so I called to see whether or not he knew anything about this email. That was after I made these statements.

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Both of them?---Yes, so I'd done - I named him and then I thought, "Well, you may as well check with the source, or I suspect the source," and he's made his statement.

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What did he say on the phone?---That he can neither recall having received it or having not.

Okay. Go to paragraph 11, please, of your second statement now, where you say, "The email was an attempt" et cetera?
---Yes.

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Now, is that something you can recall as your state of mind back in August 2007 or is it something you're saying now? Do you understand?--Well, from the email, that was my state of mind in 2007. 1

Okay. So back then, you recognised that the email was an attempt to have SAP discuss budget with Ms Perrott because it was in Accenture's interest to have that reinforced. Would that be right?---Yes. 10

By Mr Pedler?---Yes. Well, that wasn't reinforcing - the way in which I've expressed discussing budget is just to get a feel for a number. There wasn't any budget component or it was necessarily reinforced or anything.

Okay. Now, you've described that your thought process was including that it was a low risk - - -?---Yes.

- - - to send this email. In part, that's because you believed in Mr Pedler's integrity, as you call it?---Yes. 20

By which you mean that you believed he would not disclose it to anyone?---Correct.

Did you have a discussion with him prior to sending the email in which you said, "Look, I'm going to send you something, but please, keep it to yourself"?---I can certainly not recall that.

Well, you didn't, is that as we should understand it? ---I'll tell you what I know and what I don't know. I can't recall that. 30

Right. You certainly needed him not to disclose it to anyone?---Certainly.

You needed him in fact not to use any of the information in it for the SAP bid?---I guess so but I still don't see it as - I didn't see SAP as a competitor to us. 40

I understand; that's why you might describe it as a low risk, but one of the things that you've told the commission was of - I forget the language used - importance was the transitional period of six months?---Yes.

You had no problems telling Mr Porter - - -?---Pedler.

Pedler, sorry, yes, my mistake - that you, Accenture, had in mind the transition period of up to six months?---No. 50

And if that was of any significance, really, you needed to trust his integrity not to use that for the SAP bid, didn't you?---I say yes. Once again, I say I did not see SAP as a competitor.

Okay. Similarly, you disclosed to him that Accenture proposed to put in a not to exceed price?---Yes. 1

And you were expecting him not to rely upon that information for the purposes of the SAP bid, were you not? ---Yes. And in the context of I didn't see SAP as a competitor.

All right. And also to the extent to which this discloses a budget of 100 million-odd left - let me ask you a different question. That was common knowledge, wasn't it? ---It would appear to be the case. 10

Right. Well, if it wasn't, you would be expecting him not to use that for the purposes of the SAP bid?---Yes.

Thank you. Now, you had a belief, is this right, if I put it correctly, when you sent this letter, that SAP was going to put in - I'll put a series of propositions, you tell me if I'm wrong, that SAP was going to put in a proposal in response to the 25 July RFP in competition with Accenture. You believe that to be so?---I believe that SAP were putting in a response. I don't - you know, it sounds sort of arrogant to say, but I didn't see that it was going to be something that was competitive to Accenture. 20

All right. Well, let me put it - it would be engaging in the competition with you; although, you thought they wouldn't be - they'd be coming well done the rank in compared to Accenture? ---Yes. 30

All right. So can I use competition in that sense, that is putting in something which is to be considered in competition with you even if you are confident you'd beat them. Was that the right way to understand it?---Yes.

Okay. And you at least had an expectation that none of the information you gave him would be used by SAP in the preparation of its own competitive, in the sense I've just described, proposal?---I can't recall whether or not that was part of my thought process, but as I say again, given that I did not see them as competitive the way in which they might use it in their response was probably not a major concern to me. 40

You didn't care if they did, is that as we should understand it?---To some extent, yes, because I didn't see it as competitive. 50

Right. And you did not ask him at any stage to keep secret the information contained in that email?---No.

Thank you. Now, can I ask you to look at a different document. We'll come back to that one?---In all the context of I think it's Mr Pedler I sent it to.

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Now, I want to understand that. Does the integrity that you rely upon him for extend to him not disclosing it even within SAP?--No. If there were - I refer to a meeting, so I would have thought perhaps if there was someone that he was going to attend that meeting with, he may have shared it - - -

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So you'd be happy - - -?--- - - - if I sent it to him.

You'd be happy for him to disclose it to other people than SAP, consistent with the integrity that you identified? ---Consistent with the integrity I would expect of the organisation.

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Right. Well, of him?---Of him especially.

So consistent of the integrity that you expect of him, you would anticipate he would be free to disclose it within SAP?---Not free to disclose it. He would express his own judgement using his own integrity of understanding information that he's looking at to send it to - perhaps forward it to an appropriate person, a relevant person, of similar integrity.

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Right. So that I'm clear, when you sent the email, you had an expectation that he was not free to disclose it generally within SAP but would somehow limit it to people of a like mind to his. Is that as we should understand it?---He would be able to make up his own decision with regard to the content that was expressed there as to who, if anyone, would be appropriate.

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Right. And if his - - -?---And that may have been, I was referring to - yeah, sorry, I don't know.

All right. I'd like you to go to volume 6. We'll come back to that email in a minute but volume 6 first, please. If you turn to page 151. Perhaps I'll start by asking you to go to 152 to start with. You'll see at the bottom of the page there's a document which - it's a little difficult to understand but it seems to be an email dated 17 August 2007, which has something to do with ED News of 10 August 2007. Do you see that?---Yes.

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You were still at Accenture at that stage?---I was.

And it refers, you'll see, if you go down, it starts, "Good afternoon," on 16 August 2007, "The Shared Service CO governing board agreed to a range of improvements" et cetera. And this is the announcement I touched upon earlier where I said there was a decision - - -?---Okay. Yes.

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- - - made to move to a prime contractor. Do you recall that? Anyway, look at the document if you need to but you can recall that there was announcement made of some news

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coming out of CorpTech consequent upon the decision to move towards an ITO. Do you recall that?---Yep. 1

If you go back up to the top of the page, we have an email sent from Marcus Salouk, whom we know, to someone whom we don't know, but you'll see, read it for yourself?---Yes.

You recall that around that stage there was some document released by CorpTech, tell me if you can recall this, some document released by CorpTech which Accenture had a concern was disclosing its confidential information, and there's some emails that are saying how could this have happened? ---Not from this. That would appear to be this email. 10

Well, there's more but I just want to ask you, do you recall that event, if you like?---That there was a concern about IP being leaked?

Yes?---Yes. 20

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And it was being leaked, your concern was, in a CorpTech publication of some kind?---I couldn't say. 1

All right. You're aware, aren't you, of a Shared Services Initiative document being provided at or about the time of this email of 17 August? All right, well, I've been told not to show you it. Look at this, please. I've shown you a document which is headed Shared Services Initiative Queensland Government: SSI Program Rebuild Project; Indicative Program Schedule?---Yes. 10

You know, don't you, that after the August proposals CorpTech released this document to you and you suspect to other suppliers to identify the program for the rebuild project?---If that's the dates et cetera that you have on the documents, I mean I can't say that hard and fast from what I have but that sounds reasonable.

We'll see how we go. And if you look at it, it shows, doesn't it, a transition period of six months?---Yes. 20

And that, if we take you back to volume 6, to the email I just directed your attention to, the one from Marcus Salouk to someone who we don't know, is the very thing which is identified as a concern because of its degree of similarity with the Accenture proposal, isn't it?---Well, it's referring to this document, I suspect.

Thank you for that. Would you just concentrate on my question? The email from Mr Salouk identifies as the feature which give rise to some concern that there is a degree of similarity between something and an Accenture proposal, and the thing identified as evidencing that degree of similarity is the identification of an exactly six month commercial transaction?---That's what it refers, yes. 30

And you can recall that being the cause of concern in August 2007?---About leaked information? 40

Concerning the duration of the transition period?---Well, any leaked information is concerning.

And you can recall the concern which Accenture had in August 2007 was with respect to leaked information about the size of the transition period?---I can't specifically recall that's the item, no.

Okay. Well, there's no doubt that this schedule that I've shown you identifies a transition of six months?---Yes. 50

Thank you. I seek to have that tendered.

COMMISSIONER: Is it part of the bundle?

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MR DOYLE: No, not that we can see, although it has been provided. 1

COMMISSIONER: I've seen similar documents.

MR DOYLE: I'm not prepared to say it's not part of the bundle. Is this dated, though?

COMMISSIONER: Mr Flanagan, any objection it being tendered? 10

MR FLANAGAN: No objection.

MR DOYLE: We can date it because it was provided - I'm conscious of the invocation not to show this witness emails that from other people, but it's attached to an email of 17 August and it was provided to the commission on 6 March. It may well be in the bundle.

COMMISSIONER: Sorry, an email from whom to whom? 20

MR DOYLE: It's an internal IBM email, that one that it's attached to is from Bloomfield to Surprenant and others.

COMMISSIONER: Is this the single page document?

MR DOYLE: I'm told it is, yes.

COMMISSIONER: All right. The SSS program rebuild project, dated, do you think, 17 August 07? 30

MR DOYLE: It's the date of the covering email.

COMMISSIONER: All right. Is exhibit 52.

ADMITTED AND MARKED: "EXHIBIT 52"

MR DOYLE: Thank you. Can we go back, please, to your email, that is, the one sent to Mr Pedler?---Yes. 40

And it's attached to your statement. I just want to ask you some things about its form and what it says. For these purposes, I'm sorry, you'll have to go to your second statement?---Yes?

To annexure B. All we've got here is a draft of it which has Mr Bloomfield's ID on it. Do you see that? But it has as the subject - do you have it?---Sorry, yes.

Annexure B? It has as the subject "FW", which means it's forwarded, and then, "Did you speak to Barb this week?" Now, you can recall that's the subject matter you put in the email to Mr Pedler?---I believe so. 50

If we go, then, to the body of it what you asked Mr Pedler to do, would you agree, was to speak to Barbara Perrott, yes?---I understood - I guess I had an understanding he was meeting with her and so I didn't ask him to specifically to, but given that he was this was some information.

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Yes, and to get from her an idea of what CorpTech thought about the things that you and Mr Salouk and Mr Snedden had said in the meeting on 2 August?---Yes.

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Thank you. You expected that he would speak to Ms Perrott, really, as a senior man in the industry, as I think you described him?---Yes.

You did not expect him to come along and say, "By the way, I've been asked by Mr Porter to have a chat with you and get some information about that meeting"?---No.

You could ring up Ms Perrott and try to find out that information if you wanted to?---Yes.

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This was an attempt to have an apparently independent person, a man of seniority and status in the industry, to have a private chat to her?---I don't believe Barbara's as naive to think that Rob wouldn't be able to feed any information back to Accenture.

Right, so you expected her to appreciate that he would be able to feed it back to Accenture? Are you being serious? ---If he said, "How'd the Accenture discussion go yesterday," I mean I wouldn't expect that much would be coming out of that, I was just looking for general feedback.

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You would expect her to say, "Mind your own business, SAP," wouldn't you? I don't mean that - "Mind your own business"?---I understand what you're saying.

But you anticipated that he had such a relationship that he could, as a senior man in the industry, get from her information to your commercial advantage?---I don't think it's any great commercial advantage.

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You asked him to have a conversation with her to get you information. Would you agree with that?---Yes. 1

You anticipated that he would do so, not saying that he intended - he was speaking on your behalf and intended to pass it on to Accenture?---Correct. I don't know how he might express it, assuming it was him that I sent it to you.

You don't have any real doubt about it, do you? 10
---Absolutely.

Who else were the contenders?---I don't know and I would love to know but if I don't know, I don't know.

All right. One of the other things that this email asks the person to do is to find out from her if IBM had had a similar meeting with - and had a meeting with the under-treasurer and others?---Yes. 20

You expected the recipient of this email to find out as much as they could about the under-treasurer's reaction to the IBM approach?---No, I just wanted to know if everyone was having - going through the same process.

I see. You just wanted to know if they had been to see him?---Yeah.

Not to have Mr Pedler to find out what was the reaction? 30
---No.

Are you sure about that?---Yes.

Okay. We will come back to that. You wanted this person to identify to Ms Perrott some things which you saw as being in Accenture's commercial interests to have reinforced to her? ---Yes.

That that was that the budget was not going to be enough. Yes?---Yes. 40

That there was no cheap easy solution?---Yes.

A silver bullet I think it has been described as?---Yes.

That CorpTech must do something?---Yes.

Otherwise through your experience with industry, people will start walking away from the process?---Yes. 50

Those are all key issues that you and Mr Salouk and Mr Snedden had urged upon the under-treasurer?---Yes.

And what you're after is this person to really come forward and reinforce those key messages to Ms Perrott?---Yes.

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With the expectation that she would hopefully believe them and report them to the under-treasurer?---Just to reinforce them. I mean, I don't think there would be any specific reporting from her to the under-treasurer because it's something that essentially they had heard yesterday.

1

Okay. You wanted it to be heard by her from someone who could speak with experience in the industry as a senior practitioner?---Yes.

10

And the other message that you wanted this person to convey to her was that there had be contracting arising out of the RFP responses?---Yes.

You saw that really as important?---Yes.

It was important to Accenture because it was - it was the incumbent. You would agree with me?---Yes.

It had more knowledge of the processes - - -?---To an extent.

20

Well, we will test that. Accenture - - -?---IBM were working in there as well.

Comparing the two, you would describe Accenture as being vastly better informed of the existing processes at least than any of the others?---Better informed. Not necessarily vastly because IBM were more engaged, I believe, with Health than what we were.

30

Okay, so "better informed" will do. You put forward, or you intended at least to put forward a comprehensive proposal in response to the RFP?---Yes.

Ultimately you did put forward a very lengthy one, one hundred and something pages and 50 pages of exhibits and so on?---Yes.

Those things were brought into existence overnight. That's true?---Correct.

40

So as at the date of this email, Accenture was well on the way to having a comprehensive RFP response prepared?---We were one week into a two-week window.

Yes. But you knew at least within that week that you were going to put in a comprehensive proposal?---Yes.

And it was going to really be such that it could be contracted out?---Yes.

50

It could be the major subject of a contract?---I expected it would be. I expect everyone's - something out of that process would be - would go to contract.

Sure. But you saw it as - to Accenture to ensure that the process is one which led to a contract being made?---I expected a contract to be made. My concern was that they went, "Let's just give this bit to Accenture and this bit to IBM and continue with this hotch-potch approach."

1

Okay. You were trying to sell the message to the under-treasurer there should be a contract with Accenture for the whole of it?---A contract with someone for the whole of it.

10

Well, you were trying to sell Accenture?---Yes, correct.

You wanted this person to be giving the same message to Barbara Perrott?---Yes.

And that that contract you won which did not involve an additional stage of competition between potential suppliers, not another ITO?---No, I had no expectation that there was going to be another ITO. If there was going to be other contracts there, it was - you know, contracts with each of those organisations to now go ahead and do the SSS program so not another process.

20

THE COMMISSIONER: Mr Porter, I'm just looking at your email; can you just tell me what did you mean by SI, to select and SI. Is that the systems implement - - -? ---Systems integrator, yes.

Integrator, thank you.

30

MR DOYLE: The things that you tell the recipient of this email which you told our learned friend about were the transition-in period?---Yes.

One of the things you tell him anyway. Given that there was a change from a CorpTech-managed roll of the SSI to the engagement of a prime contractor, there would be a transition period, wouldn't there?---There would need to be a period in which the new supplier wasn't able to come in and assess scope and et cetera. Transition-in is not an industry-based term that is necessarily used all of the time but it is the term that we used.

40

Okay. So there would be a period which we can call the transition to enable identification of scope, work out what has been done, work out what needs to be done and then take over, essentially?---Yes, because the lack of the clarity of scope around this project.

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Yes. The email of 25 July 2007, the RFP as it's now called - - -?---Yes.

- - - did not provide the detail of the scope?---Correct.

Which ultimately the ITO did or at least more detail in the ITO. Yes?---Some more detail, yes. 1

Yes. So that the transition period is something which each recipient of the RFP would know it would have to assess and would have to assess having regard to what its proposal was?---What exactly is the question there?

Each recipient of the RFP - do you know what I mean by that?---Yes. 10

The 25 July email?---Mm.

Would know that if it was successful, there would be a period of transition that it would need to allow for?---You would expect so.

Right. And that the dimension of the length of that period would depend on what exactly that supplier was promising to do in its proposal?---Yes. 20

Now, next you tell the recipient of this email that next Tuesday we will present a not-to-exceed budget figure.

At the time this was sent as you just told me, I think, you were halfway through a process?---Yes. Well, if you go back to the email of Terry Burns, it was suggested that this was the way that we should go forward. Whether or not Terry proposed it or I did, I would have expected that it was a similar process for the respondents. 30

That's okay. It's initiated on 25 July although you had anticipated - - -?---It is halfway through the process, yes.

You were anticipating it ahead of the time and it was meant to finish by 7 August, so you were about halfway through, that will do?---Yes.

Do I understand you correctly, you had not at that stage identified the figure that was to be the not-to-exceed budget figure?---Correct. 40

50

You asked this man to go to Ms Perrott and really test her reaction to a figure of 200 million plus or minus 10. Is that as we should understand it?---Just plus or minus, yes. 1

Okay. So you want the recipient to go along to the customer and find out what their reaction would be to a figure of 200 million plus or minus?---To ask the question, yes.

For the purposes of becoming informed about the answer. Yes?---Yes. 10

And for the purposes of telling you the answer?---Yes.

And again, I'd suggest to you, that you expected this person to do so as a senior man within the industry appearing to Ms Perrott not to be representing Accenture in this discussion?---I don't hold all of that to be totally true but - - -

Well, it's true to say - - -?---Generally. 20

Generally true. It is in fact right that you did not expect this person to say he was representing Accenture in this discussion?---No.

So you expected him to find out the government's reaction to a price of 200 million plus or minus, report it back to you in circumstances where he was not to suggest he was representing Accenture?---Yes. 30

Right. And you see - - -

COMMISSIONER: Mr Doyle, I'm sure from IBM's point of view this is all very enjoyable, but how's that relevant to my terms of reference? Accenture didn't win the contract with the government, and if it's right that Mr Porter's email expresses some improprieties, how is that relevant?

MR DOYLE: Your Honour, I'm sorry, ultimately you'll have to decide that but the terms of reference require the investigation of the tender process, and if this is activity engaged in the course of the tender process - now, we will ultimately urge it's not because of the timing of it. 40

COMMISSIONER: I'm sorry?

MR DOYLE: We will ultimately urge it's not because of it's timing. 50

COMMISSIONER: I see.

MR DOYLE: But that's not the case that seems to be emerging in the course of the investigation so far. And one other thing that's put against us is this is highly

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confidential material and it's of commercial value. Now, if it's being done in the circumstances we're presently exploring, it won't have any confidence and I hope it won't be found to have any commercial value, but those are issues that have all been canvassed and this evidence goes to that.

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COMMISSIONER: Well, I thought that Mr Bloomfield admitted it was - he shouldn't have used the information in that email.

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MR DOYLE: He did, and his evidence was he didn't.

COMMISSIONER: I thought - - -

MR DOYLE: With the exception of one part, which we needn't cover.

COMMISSIONER: Yes.

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MR DOYLE: Ultimately not used for reasons I'll go to. But ultimately if you don't want me to pursue it, then I won't.

COMMISSIONER: Well, if it's relevant, of course I want you to pursue it, but I have trouble seeing the relevance of it. Just tell me again what it is.

MR DOYLE: It is relevant into the terms of reference because the terms of reference require the investigation of the tender process and - - -

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COMMISSIONER: I thought myself that is probably limited to the tender process by which IBM got selected, not the tender process in general, otherwise we're looking at what SAP did and what Logica did.

MR DOYLE: Correct.

COMMISSIONER: I mean, this email came up because it was, well, produced by IBM, obviously, and on its face it tends to suggest that IBM had information it shouldn't have had, but given what we've now learnt about the prominence of the emails, perhaps it's showing less importance.

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MR DOYLE: Well, if I'd be - - -

COMMISSIONER: I say that, I'm not obviously expressing any concluded view. I don't want to cut you short if what you think you're doing is important.

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MR DOYLE: I do think what I'm doing is important and I'm almost finished doing it, which is probably what you really want me to say. Thank you. Ultimately, you had an involvement in the ITO - - -?---Yes.

- - - in the Accenture response to the ITO?---Yes. 1

And you know, don't you, that it did not ask for a not to exceed price?---I haven't refreshed myself with the ITO document, but if you say that's the case, yes.

All right. Well, you probably can't help me if you haven't refreshed your memory. Never mind. Thank you. Can I move to a slightly different topic, although not much. I'd like you to go back to volume 6, if you still have it?---I've got it in front of me. 10

To a document which is - if you have them, it should be tabbed 6, 3, 33. It's page 250. Do you have that? ---Page 250?

Two five zero. Yes, please. You should have a letter which is on an Accenture letterhead?---Yes.

If you turn over, you'll see it's signed by you?---Yes. 20

And sent to Ms Perrott with a copy to Mr Burns?---Yes.

I'll refresh your memory that there was an incident where some subcontractor, who's been identified as an Italian - - -?---Mm'hm.

- - - after the submissions on the ITO responses had been lodged - - -?---Yes. 30

- - - was identified to have had access to some IBM information at CorpTech. Do you recall that?---Yes.

You recall you had. Well, that's what this letter is principally about?---Yes, I do recall it.

Good. Well, what I want to direct your attention to is what you say in the first paragraph.

As we discussed, Accenture remains concerned that early discussion material, including RFI documentation relating to the SSI program is still accessible on CorpTech's LAN to a broad range of contractors and employees. 40

Just pausing there, the RFI documentation is a reference to what?---That would be pre RFP.

Good. Can we put some detail around that? If the RFP is dated 25 July - - -?---Yes. 50

- - - are you referring to the things which you did in July after the supplier briefing but before you received the 20 July email?---Yes.

Okay?---I believe that would have been the case?---Okay. 1

Then you say, "After we initially raised our concerns over document security with you on 23 August." Did you, in fact, raise an issue of document security with Ms Perrott on 23 August?---This letter would seem to indicate so.

You don't recall?---No.

I'll see if I can refresh your memory. There was a concern that - the same concern that documents were available on the CorpTech LAN which related to the vendor proposals put in, in response to the RFP. Do you recall that?---There was a concern, yes. 10

And you'd heard around the track that was so. You might have known it was so?---I don't know.

Well, you'd certainly heard that it was possible?---Yes. 20

And you'd heard from your staff who were working at the CorpTech premises that was possible?---I would presume that's where the information came from.

And was it that what you heard, if you can't remember the detail, was that vendor proposals, the responses to the RFP were available on the CorpTech LAN to anyone?---I guess that was the case. I can't specifically recall.

Okay. And if that had been something you had learnt, you would have complained to Ms Perrott?---It seems I did. 30

And it seems you did. And the tenor of this letter is to, in effect, say it's still possible?---Correct.

So that whatever effect your complaint had, it didn't lead to the closing off of the problem at CorpTech which you had identified to her on 23 August?---Yes.

Thank you. Now, there was one further document I want to ask you - sorry, two further documents I want to ask you about. You were taken to exhibit 32, you may still have it with you. If not, I'll - I want to take you to the email, which is dated 22 August, which Ms Cheryl Bennett sent. Do you recall enough about it to - - -?---Yes. 40

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Okay. You were asked about some things which were revealed by this document. Do you recall?---Yes. 1

And one of them was - - -?---Sorry, today I was, I've not been before hand.

No, you asked today?---Yes.

Was it only today you were asked about that?---Yes. 10

Not in the interviews before hand?---Correct.

Okay. One of the things which this document reveals is the relative scoring after the RFP process?---Yes.

Forgetting the precise figures, I mean, your expectation was that Accenture was ahead?---I had heard that but without any credibility.

You'd heard it? I want to suggest to you - - -?---I don't know when that may have been, how far after the process. 20

All right. And the second thing it refers to is the offshore point, the size of the offshore component. Is it your view, putting aside what this email reveals, that Accenture generally would think it uses less offshore resources than IBM does?---No.

Not your general view?---I really don't know IBM's approach. 30

Okay. This information would have value to someone, would it?---Certainly.

It would have value to someone you're suggesting, are you, certainly in your evidence?---Yes.

And it would inform someone that if they want to overcome what's perceived to be a concern that CorpTech has, they should have less offshore component?---They need to do something about that critique. 40

Reducing the offshore component or going to great lengths to explain why they haven't?---Yes.

Thank you. One final thing: after the outcome of the ITO is announced, your company wrote to CorpTech essentially asking to have another go at the tender process. Do you recall that?---Is there a letter? 50

Yes. Would you turn, please, to page 253?---Of that same volume?

Of volume 6, it is. You should have a document dated 31 October 2007?---Yes.

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Which is a copy, if you like, of the letter. Read it to yourself, please. 1

COMMISSIONER: 276?

MR DOYLE: 253.

COMMISSIONER: 253? Thank you.

MR DOYLE: Do you recall that letter?---Perhaps it was very close to my leaving so - - - 10

Am I to infer from that you don't recall?---I neither recall nor not recall, sorry.

You recall the event that, you know, you were disappointed, I suppose, not to have been selected?---Absolutely.

And you wrote, or there was to be an approach made to see if it was too late if you could effectively ask for reconsideration. Do you recall that topic, at least? If you don't just tell me?---It would be natural in the course of being unsuccessful at an opportunity like that. 20

To attempt to go back and say, "We'll alter our proposal in same way to be better"?---Yes.

Just excuse me. No, that's all. Thank you, I have nothing further. 30

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: Yes, may Mr Porter be excused?

COMMISSIONER: Yes. Mr Porter, thank you for your assistance, you're free to go.

WITNESS WITHDREW

MR FLANAGAN: I call Barbara Jean Perrot. 40

PERROTT, BARBARA JEAN affirmed:

MR FLANAGAN: Would you give your full name to the inquiry, please?---My full name is Barbara Jean Perrot.

Ms Perrott, have you sworn three statements in these proceedings? First is a statement, dated 22 February 2013 of 13 pages?---Yes. 50

Would you look at this document, please?---Did you also do an addendum statement of four pages long, dated 6 March 2013?---Yes.

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Would you look at that first document, please, and a further addendum statement of three pages long, dated 14 March 2013?---Yes.

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Are the contents of each of those statements true and correct to the best of your knowledge and belief?---Yes.

Yes, I tender those three statements, Mr Commissioner.

COMMISSIONER: Yes, exhibit 53A, B and C will be respectively Ms Perrott's statements of 13 February, 6 March and 14 March.

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ADMITTED AND MARKED: "EXHIBIT 53A, B AND C"

MR FLANAGAN: Thank you.

From July 2007 you were the executive director of CorpTech?---Yes.

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And its general manager?---Yes, the name changed from executive director, I think, to general manager.

In paragraph 12 of your main statement, you say that:

Between April and June 2007, with the resignation of the then executive director of CorpTech and the amalgamation of the PPO with CorpTech, I was invited to transfer into the position of ED CorpTech.

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Is that correct?---Yes.

All right. And who invited you to take that position on? ---Mr Gerard Bradley.

When you took on that position in or about April 2007, did you go there with a primary purpose or objective?---Sorry, could you just repeat the question?

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Yes. When you took over that position at the invitation of Mr Bradley, did you go there with a primary purpose in taking on that position?---I was invited to take on that position with the resignation of Mr Geoff Waite, and at that point the area that I was managing, the policy program office, the intention was to amalgamate that with CorpTech.

Yes?---So there seemed some logic at the time for me then to transition in to do both roles and to manage the transitioning of the PPO as well as to manage CorpTech, so my primary objective was to do that but I didn't view that would be a long-term role for me.

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Do you recall in your interview, your first interview at least with inquiry staff that you said, "The reason they put in CorpTech in the first place was to effect the change from the 500 contractor model to a prime contractor model"?
---Yes, yes, I do.

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Can I just ask your knowledge; prior to you taking on the position as executive director of CorpTech in or about April 2007 where you were acting the position, what knowledge did you have of a prime contractor model rather than the existing model being considered?---Could I just clarify was it my knowledge of a prime contractor or a knowledge that the government was going to a prime contractor model?

10

Your knowledge of the prime contractor?---Yes. I would have understood - I would have understood what it meant. I hadn't had any experience in working with the prime contractor model but conceptually I understood the model.

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Right. What did you understand the model to be?---In April 2007?

Yes?---I understood that if the government moved to a - well, if a organization moved to a prime contractor model that they would outsource the total accountability and the implementation responsibility for the project, whatever project was to happen.

Can I just get some understanding then; when you came on board in April 2007, had Mr Uhlmann and Arena Consultants finished their snapshot review?---In April 2007, I was actually the executive director of PPO and Geoff Waite was the executive director of CorpTech.

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Yes?---I was aware that - so it was - I was aware that that review was happening in CorpTech and it would - I think I was tabled with Mr Bradley at around the middle of April.

All right. Did you read that review at the time?---No.

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Thank you. Now, after that review, Mr Bradley had a meeting with Mr Uhlmann. Were you present at that meeting? ---I don't think that I was. I think that was a meeting between Mr Uhlmann and Mr Bradley.

Ultimately Mr Bradley decided that a review was necessary, a five-week review, and he identified through Mr Uhlmann Mr Burns. Is that correct?---Yes.

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When was the first time that you met Mr Burns for the purpose of that review?---Yes. It would have been just prior - some time during April, it was prior to the engagement, Mr Uhlmann and from memory Mr Nicholls as well brought Mr Burns and introduced him to Mr Waite and myself.

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Yes. Were you party to the decision of Mr Bradley to have Mr Burns conduct that review in May 2007?---My memory was that after Mr Waite and I met Mr Burns that we made a joint recommendation to Mr Bradley that Mr Burns would be someone who could conduct that review.

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Right. Did you and Mr Waite interview Mr Burns at all? ---Yes. We interviewed him as part of that original introduction.

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All right?---And then he - I don't recall whether we interviewed him again after that prior to his engagement.

You didn't know him before this interview?---No.

You had never worked with him before?---No.

But he came recommended to you both by Arena Consultancy and Information Professionals?---Yes.

20

All right. Do you know how long Mr Uhlmann and Mr Nicholls had known Mr Burns before they made their recommendation to you to take on Mr Burns for this review?---No.

Thank you. We know not in the May 2007 review conducted by Mr Burns that ultimately a recommendation was made that CorpTech move a prime contractor model. Can I ask you, Ms Perrott, when was the first time that you contemplated, you personally contemplated moving from the existing model to a prime contractor model?---The first time that it was raised with me was when Mr Burns was providing his final report, his May report, to Mr Bradley and Mr Waite and I were part of that reporting meeting.

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As one reads that May 2007 report, you don't find a recommendation for a prime contractor model, you find recommendations for an empowered project director and other such recommendations?---Yes.

Given that that report doesn't contain a specific recommendation for prime contractor, can you tell the commission when that was first raised and how it was raised?---Yes.

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And who raised it?---Yes. My memory is a little bit hazy but I think the first time it was raised was in that meeting where Mr Burns reported his findings. It may not have been written in the report but I think it was discussed at that meeting as a potential alternative to the internal SSS model for implementation.

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Now, at this meeting when Mr Burns presented his report, who was present?---Mr Waite and I think Mr David Ford, the deputy under-treasurer would have been there, Mr Bradley and I think maybe Mr Mike Bernheim also and Terry Burns.

And yourself?---Yes, yes.

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Now, who was the person who raised the prime contractor model?---I can't remember definitely but logically it may have been Mr Burns presenting it as an alternative because he was the person who had conducted the view and I guess was talking us through possibilities for trying to remedy the problems that were there.

Doing as best as you can, what was said in relation to that model by Mr Burns?---I can't remember. I would be making it up if I tried to remember specifics.

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All right?---Yes.

But it is the case that you have at least some recollection of the prime contractor model being raised by Mr Burns as early as the end of May 2007?---That's my - that's the memory that I have so I think that's true.

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Can I ask you prior to that discussion with Mr Burns at the end of May 2007, did you know that Accenture as one of the external service providers at CorpTech had been recommending or pushing for a prime contractor model prior to Mr Burns' recommendation?---No, I didn't specifically know that.

In the ordinary course of events, if Accenture were seeking a prime contractor model prior to end of May 2007, would those conversations have taken place with Mr Waite rather than yourself?---Prior to that time, yes.

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The Shared Services Initiative program was one that had stood since 2002, hadn't it?---Yes.

In your statement you say that the faith in that program at least by April 2007 was waning. Correct?---Mm, yes.

Were you a party to the decision of Mr Bradley to engage outside consultants, namely, Arena Consultants, for doing the snapshot review?---I don't know that I was part of the decision to engage them but certainly in my role as executive director of the PPO, many of the - like Accenture and Arena and Information Professionals were approaching me stating concerns that they had with the progress of the project and I had communicated that in my role as ED to Mr Bradley.

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Yes?---And I was aware that these contractors were approaching Mr Bradley as well with their concerns.

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In any event by April 2007 both yourself and Mr Bradley and Mr Waite had identified that something needed to change in relation to the program?---Yes.

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And just in terms of that program, it was premised on a whole of government approach, was it not?---Yes.

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With a common suite of products. Yes?---Yes.

Being used in different government agencies?---Yes.

And from the original model or business model, it was thought that such an approach would ultimately produce savings?---Yes.

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Once those problems were identified through the snapshot review, it was decided to bring on Mr Burns. Now, did you play any part in deciding to bring Mr Burns on to do that five-week review?---No. Well, yes and no. I guess he was presented to Mr Waite and I, as I had said earlier, and then we made - Mr Waite and I made a joint recommendation to Mr Bradley that he may be someone who could conduct the May review.

20

All right. Thank you. Now, before I take you to any documents, can you tell the commission what was Mr Burns's role in conducting the May 2007 review?---Now, the May 2007 review, I would have been in the PPO and not in CorpTech, so I guess I was a little one step removed from what Mr Burns was doing, but my impression was that he was to come in and do a risk - what I would call a risk assessment of the review, of the program, and identify potential problems and make suggestions for change or how we might improve things.

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We know - - -

COMMISSIONER: When you say that - sorry. You carry on.

MR FLANAGAN: No, please.

COMMISSIONER: You say that was your impression, but you and Mr Waite jointly recommended Mr Burns to Mr Bradley. What did you recommend him for?---We made a recommendation for him to conduct a review because of the concerns and the state that the program seemed to be in at that time, yes, we made a recommendation to Mr Bradley that he could be someone who could come in and review, do the risk assessment and give us a recommendation for how we might improve things, so - but it was probably Mr Waite who carried the detail because it was his organisation that was being reviewed at that time, not mine.

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MR FLANAGAN: Before you and Mr Waite made that recommendation to Mr Bradley, were you aware that Mr Bradley had met with Mr Burns following on from his meeting with Mr Uhlmann?---No, I wasn't.

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We were discussing what role Mr Burns would play. At the time Mr Burns was engaged to do his review, he knew that the program was behind time. Yes?---Yes.

He knew it was over budget. Yes?---Yes.

And you knew that there was a daily budget being burnt in terms of close to 500 contractors who were, on average, contracted at \$1100 per day?---Yes.

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So there was a very intense burn rate in terms of the existing budget. Yes?---Yes.

Both you and Mr Waite, and Mr Bradley were aware that there was a specific budget estimate for the roll-out of the entire program across the whole of government?---Yes.

And at or about this time, you knew that there was approximately \$108 million remaining in that budget?---Yes.

20

All right. Thank you. Now, was there any part in your conversations with Mr Burns that Mr Burns was to identify accelerators to ensure that the program stopped being behind time and stopped burning the budget?---That was a term that I noticed was put into his - the scope of his project. That term "accelerators" was used, yes.

Can I just ask you this, then. In terms of Mr Burns conducting his five-week review, can you tell the commission what your - first of all, what you said to him and then, secondly, what your expectations were in terms of him having contact with the existing external service providers at CorpTech?---That five-week review in May, I'm not sure that I was having - my contact with Mr Burns really started when I - my more detailed contact with Mr Burns started when I moved into the ED or the general ED of - executive director of CorpTech role, so - - -

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But prior to July 2007, you acted in that role when Mr Waite went on leave, didn't you?---At the end of May.

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At the end of May, yes?---Mm.

So at the end of 5, and I appreciate it's not for the period that he was doing his review, but - - -?---Yes.

- - - for the end of May, you moved into that role, but you had, with Mr Waite, recommended Mr Burns to the under-treasurer. Yes?---Yes.

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And I'm just wanting to know your knowledge and your expectations of what you thought Mr Burns's review would involve in terms of vendor contact?---Looking back now, I would have imagined that there was - sorry, I just recall there was a briefing that the deputy under-treasurer had

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with all of the contractors at - I think it was around the end of April. 1

Yes?---And at that meeting, the agenda was to brief them on the May review and it was that Mr Burns, the deputy under - well, Mr Ford was encouraging them to come forward with ideas for how we could reinvigorate the program to work cooperatively, that their previously proposals - to explore their previous proposals. So that was the tone of what, I guess, the deputy under-treasurer had asked Mr Burns to do and had asked the service providers to engage with us in. So in that, I guess he would have - any contact Mr Burns had with the contractor agencies would have been along those lines. 10

Now, before this meeting on 2 July 2007, I think the invitation goes out - sorry, I said 2 July. Before this meeting on or about 30 April - - -?---Yes.

- - - 2007, were you present when the deputy under-treasurer and Mr Ford met with Mr Burns?---I can't recall. I may have been there with Mr Waite at that point. 20

But at least by the fact that the deputy under-treasurer was bringing vendors to meet Mr Burns - - -?---Yes.

- - - would suggest that he, at least, had some understanding that Mr Burns would have contact with the vendors. Yes?---Yes. Well, that was the purpose of the meeting is that, yes. 30

Yes. What I'm trying to get at from you, if you can recall, why did the deputy under-treasurer want Mr Burns to meet the vendors as part of his review?---The purpose of that May review and then it continued over into then the post - into the June rebuilding program, was to try and engage with the vendors to seek their ideas. They had been talking informally with Mr Bradley and myself, and probably Mr Waite about ideas that they had for how we could improve the program and I think what this was, it was a formal attempt to engage with the vendors to come more formally with their ideas and their concerns, and how we might improve things, identify risks, issues and also there was a sense of perhaps needing to get a bit more of a competitive spirit into the program, that perhaps the current vendors were becoming a bit relaxed in what they were doing. Their view was that they weren't being given a chance to really put their ideas on the table, so this was, I guess, the government's attempt to say, "Well, we want to hear your ideas, we want to work with you to look at how we can improve the program." 40 50

Was there any part of Mr Burns's review that contemplated entering into contractual negotiations with any of the external service providers?---No, and certainly not in that

May period because that was really identifying some ways that what were the problems, what were the issues, how can we improve things, so at that point there would have been no - should have been no conversations happening with the vendors about contractual arrangements.

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Can I ask, though, was it ever indicated to Mr Burns in your presence by either the under-treasurer or the deputy under-treasurer that the government was contemplating moving to a different contractual arrangement to bring this program within time and within budget?---Certainly not at that point that we're talking about now.

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All right. Thank you. I just need to take you to a letter to show you specifically for the purpose of asking one question.

COMMISSIONER: Mr Flanagan, can this wait until 2.30?

MR FLANAGAN: Yes, absolutely.

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COMMISSIONER: All right. Thank you. We'll adjourn until 2.30.

THE COMMISSION ADJOURNED AT 1.03 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.31 PM

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MR FLANAGAN: Ms Perrott, just before lunch I was going to take you to paragraph 19 of your statement, which is your main statement, where you refer to Mr Burns conducting the independent review and he came highly recommended by a couple of contracting agents that you referred to, namely, Arena and Information Professionals. Yes?---Yes.

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You said, "His reference, as attested to his previous experience in risk assessment and mitigation with large IT projects." It's the case that neither yourself nor Mr Waite or indeed Mr Bradley or any person on your behalf checked the references of Mr Burns?---I can't say definitely that didn't happen, I know we had a discussion around testing the referees and I do recall that we had talked about one of us actually checking the referees. I don't think that I did but I'm not sure whether Mr Ford may have.

20

All right?---Yes.

Do you have any recollection of Mr Nicholls saying that he had checked, or his organisation, Information Professionals, had checked the references of Mr Burns?---I don't remember him saying that to me but I would have assumed that they would have as part of the recommendation.

30

All right. But, in any event, neither Information Professionals nor Arena had known Mr Burns for an extended, that is, they hadn't known him beyond his experience with them in April 2007?---Yes.

Do you recall that you received a letter in or about September 2007 from Mr Nicholls saying, "Don't rely on at 2007 from Mr Nicholls saying, "Don't rely on anything I've said about Mr Burns, do your own due diligence"? ---Yes.

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Can you look, then, for that purpose at volume 32, tab 29.5.3; volume 32, tab 29.5.3, and it's at page 22? ---Yes.

And is that the letter that you received from Mr Nicholls on or about 22 September 2007?---Sorry, I'm on the wrong page. Page 22, I think it's a table of contents.

Sorry, yes, it's tab 29.5.3?---I'm sorry.

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Page 22 of that?---Yes. Sorry, was this the one dated 27th?

September 2007. Do you recall receiving this letter from Mr Nicholls? In the third paragraph, he says:

Given the circumstances of our assignment, including Geoff Waite's departure from his role, our planned supervision was not able to occur and as a result we were not provided with any opportunity to properly supervise or review his work.

That includes his May 2007 review, yes?---Yes, I think that's what he'd be talking about.

"Or assess his capabilities. This matter has previously been discussed with both Geoff Waite and Barbara Perrott"---Yes.

Do you recall previous discussion prior to 27 September 2007 with Mr Nicholls about Mr Burns?---Yes.

Can you tell us what those conversations were?---In part, the conversation was about that the was concerned about the ability for him to supervise Mr Burns' work, and the other was he had concerns there was a debate happening between Information Professionals and Arena around who actually was the contracting organisation. That was the content of the discussion, yes.

More specifically, do you recall a conversation with Mr Nicholls about Mr Burns refusing to show him the draft of the May 2007 report?---Yes, I do remember.

What was that?---Mr Nicholls, if I recall correctly, was in overseas, Hawaii or somewhere on leave and he had contacted Mr Burns to see a copy of the draft report.

Mr Burns had refused, we know that for a fact?---Yes.

Did Mr Burns speak to you about that?---The May report, he would have been more likely to talk to Mr Waite about that report rather than me, so I don't recall him speaking to me, Mr Burns speaking to me specifically about that.

But you did have a conversation with Mr Nicholls about it?---Yes.

And what was said?---Specifically in relation to the report?

Yes?---He was concerned that Mr Burns hadn't shown him a copy of the draft report, and I guess my conversation was about whether he needed to show Mr Nicholls a copy of the draft report. At that point, it was a report that Mr Bradley, Mr Waite and I were trying to keep extremely confidential, it had a lot of ramifications right across government. I believed both Mr Waite and I had the proper

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controls around Mr Burns in terms of the delivery of the report, and I wasn't sure that Mr Nicholls could add any value to the report other than an editing value. So that's the conversation I had with Mr Nicholls, and I can't remember but I'm not sure whether at that point Mr Burns was contracted through Arena or Information Professionals.

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All right. At this point, 27 September 2007, Mr Burns is contracted through his own company, Cavendish Risk Management?---Okay, yes.

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Did you, having read this letter, take any steps to assure yourself of Mr Burns' what he says is his suitability for any current or future roles?---As I said, back in April, May when Mr Burns was first contracted, I know we had a conversation around doing some referee checking ourselves, but I'm not sure who did it. I also believe that in terms of the time that I was supervising Mr Burns, that is, from the end of May through to there, I had many more controls around Mr Burns' performance than I would have had any other contractor who was charging us such a high rate.

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What controls were they?---Firstly, he was given clear indication of the role and the outcomes that we wanted him to achieve, secondly, he was briefing me on a daily basis, he was sitting in an office very close to mine and he was briefing me on a daily basis on what he was doing. I also established him as a member of my senior management team that met - I can't remember whether it was weekly or fortnightly, but it was quite frequently, where he was required to brief the rest of the senior management team, as they all were, on what they were achieving in that period. I also had a steering committee of Mr Ford and myself where he was briefing Mr Ford and I, and Mr Ford met daily with Mr Bradley that I knew that was the way of Mr Bradley getting very recent information. And I reported to Mr Bradley and at times, at specific milestones in Mr Burns' work I took him with me. He also was required to brief the executive director committee, which was the heads of the shared services providers that we formed - executive steering committee I think we were called at that point - so at times he probably felt that he was being micromanaged, but I believed - well, not because of this, because I believed that in managing someone like Mr Burns I needed to make sure there were tight controls around him. All this did, really, was confirm that I had thought.

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Did you envisage at the time Mr Burns was engaged for the May 2007 report that the government would move to negotiating or dealing with vendors for the purposes of entering into further negotiations with them?---For the purpose of an ITO, you mean? 1

Yes?---Not when he was engage for the May report. I mean, he was engaged for the report for that period to do that five-week review and then - - - 10

All right. Tell us this, then. If you spoke to Mr Burns on a daily basis or close to a daily basis and you micro-managed him, were there any stages through that process where you became concerned in relation to the nature of his communications with potential vendors?---No.

Do you have a good recollection of what he told you he was saying to potential vendors?---Generally his briefings to me or his sort of - probably not on a daily basis but certainly regular briefings from him, he would do it via a set of slides, PowerPoint slides that would have dot points of what he'd done, what he'd achieved. His original contract was with us to try and develop some sense of competitiveness, as I said earlier, and be asking them for ideas, so I don't recall the content of any briefings that he might have told me about. 20

COMMISSIONER: Ms Perrott, how is it that there was confusion as to whether the contract was with Information Professionals or Arena Consulting?---In the original contract arrangements that CorpTech had set up back in - I think it was around 2005, where they set up the contract - - - 30

No, Mr Burns' engagement in May 2007?---Yes.

You say, it's quite right - well, I'm not sure it is quite right. You say that there was confusion about the identity of the contracting parties, Mr Burns's services, how could there be such a confusion? Wasn't the thing documented? ---Yes, and it was clear that we had contracted through Arena and Information Professionals was a subcontracting company, so from where I stood, we were quite clear about who we'd contracted through but there was conflict between Information Professionals and Arena about who owned Mr Burns, I guess. 40

And tell me, excuse me, you mentioned these tight controls around Mr Burns and he spoke to you on a very frequent basis, apart from receiving his reports, did you do anything to exercise control? Did you direct him or suggest that he might do things differently or do other things?---There were times when I needed to do that, yes. 50

And can you recall any particular instance of that?---Well, 1
the one time was when he questioned Mr Bond about meeting
with - - -

No, that's much later?---Okay.

I'm talking about the May review that you had?---The May
review, Geoff Waite had much closer control over Mr Burns.
It was post the May review that I would have had control 10
over Mr Burns.

Well, I may have misunderstood you?---Yes.

I thought the tight controls you were talking about were in
existence and being implemented by you in the May review?
---I'm sorry, no, it was one side took over from Mr Waite,
that is it was the next contract that we had post the May
review.

So what, if any, controls were there on Mr Burns for the 20
May review?---Well, for, I guess - I'm not as - wasn't as
closely involved with Mr Burns in the May review, so I
can't - I don't have as good a memory of - but there would
have been, certainly, Mr Ford and Mr Waite would have been
monitoring Mr Burns' performance at that point.

MR FLANAGAN: But it came to your knowledge, didn't it,
that in relation to Mr Waite, Mr Burns had conversations
with the under-treasurer, Mr Bradley, where he suggested 30
Mr Waite did not have the necessary experience to be
fulfilling the role of executive director of CorpTech.
Yes?---Yes. The only time that I was actually in the room
when that happened was when Mr Burns actually delivered his
final report at the end of May.

Yes?---So I'm not sure of others.

All right. But at the time that he delivered his final
report, at the end of May - - -?---Yes. 40

- - - in front of the under-treasurer, what did he say
about Mr Waite?---He - I can't recall that he specifically
said in front of Mr Waite that he didn't think he had the
necessary experience; it was probably more indirect than
that where he delivered the recommendations and there was
an implication that the current management hadn't been as
experienced.

And Mr Waite was party to that meeting?---Yes. 50

Go on?---And Mr Waite and I had been briefed by Mr Burns
prior to that meeting on what he was going to deliver, so
it wasn't information that was necessarily new to Mr Waite
and I once we headed into that meeting.

But certainly Mr Waite viewed it as criticism of him in front of the under-treasurer?---Yes.

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And soon after he took leave. Yes?---Yes.

And ultimately did not return to his position?---That's correct.

All right?---Yes.

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And what Mr Burns wrote in his report and what Mr Burns said in that meeting was a cause of Mr Waite deciding to take leave and leave his position - - -?---Yes.

- - - as an executive director of CorpTech?---Yes.

And it was envisaged that you would replace Mr Waite in that position?---Not at that point.

All right. But you soon took over from him in that position?---Yes, in an acting capacity to start with, yep.

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And then you were appointed in July 2007 - - -?---Yes.

- - - to that position?---Mm.

COMMISSIONER: Ms Perrott, while you've still got that document open in front of you, it's a letter from Mr Nicholls, 27 September 07. It's addressed to Mr Ford but did it come to you?---Yes. It was addressed to Mr Ford and he would have passed it on to me, and if my memory serves me correctly, I think Mr Ford met with Mr Nicholls about the concerns and then we drafted a brief response back to Mr Nicholls because they had a verbal discussion.

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Is what you say, in essence, this: that you thought you had by this stage confidence in Mr Burns and you thought Mr Nicholls needn't be involved anymore in the work that Mr Burns was doing?---Sorry?

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Is it right that your reaction to the letter was to dismiss Mr Nicholls' complaints because by this stage you had confidence in Mr Burns and you thought Mr Nicholls need play no role in what Mr Burns was doing?---Yes. And at this point, I think Mr Burns was contracted through his own company at this point as well.

I think that's right by this stage, yes.

MR FLANAGAN: Now, can I take you to page 32 of the same volume. It's actually tab 29.7.3, page 32?---Yes.

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It's an internal communication between CorpTech staff issued by you and Mr Waite announcing the review to be conducted by Mr Burns. Yes?---Yeah. Can I - the 7 May - - -

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If you look down, it's actually 27 April - - -?---27 April, 1
yes.

- - - 2007?---Mm.

And at the bottom of the page, if you just look at that and
over the page?---Yes.

Now, is your best memory that Mr Burns drafted that
document for you?---I wouldn't know, I'm sorry. 10

I'll just remind you that in terms of the terms of
reference for the report or the review to be conducted by
Mr Burns - - -?---Yes.

- - - Mr Nicholls, and Mr Nicholls sent you an email
earlier saying that, "Here are the draft terms of
reference." He also said that Mr Burns would attend to
sending or drafting a communiqué to be sent to CorpTech
staff?---Okay. 20

But perhaps if I ask you this: did you draft this
communiqué?---Often these communiqués were drafted by -
when I had a communications person and often we would have
briefed him on what we wanted in it and he would have
drafted it.

All right?---So I think it's more likely that was the case.

Thank you. If you look at the second page, it says 30
"Implementation Replanning"?---Yes.

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If you look at those dot points, does that accurately describe the types of things that Mr Burns was going to undertake as part of his review?---Yes.

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Thank you. You can put that aside please, Ms Perrott. Just in terms of Mr Burns conducting his review and ultimately going on to being involved in the program rebuild, any decision that was to be made was always going to be a decision of either yourself or Mr Bradley. Is that correct?---On which direction it would go?

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Yes?---It would have been the decision of Mr Bradley as the chair of the CEO committee.

All right. Mr Burns didn't have any formal delegations from either yourself or Mr Bradley?---No.

And he certainly had no authority to bind the state in questions of strategy concerning the SSI?---No.

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You don't suggest to the contrary, do you?---No.

We have heard in a number of instances from witnesses in this commission; Mr Salouk, for example, that he viewed Mr Burns as leading the delegation to use his words. We also see a number of people in the course of the ITO who viewed Mr Burns as leading the ITO or leading the RFP or the RFI rather than a Queensland public servant such as yourself. Why was it that these people were left with this impression that it was Mr Burns leading this process rather than yourself or indeed Mr Waite or Mr Bradley?---I guess it's difficult to address people's perceptions, however Mr Burns was quite an outspoken person, quite forceful in the way he spoke and probably quite opinionated in the way he said things but there was never any - I don't think there was any doubt in any of our minds that he was the facilitator of processes and we had asked him to be the facilitator to gain information from the vendors so I can't really answer that but in my head and Mr Bradley's head, I am sure we were both confident in who was in charge.

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See, this was the program that had commenced in 2002 in term of the Shared Services Initiative?---Yes.

It had been going for approximately five years by the time Mr Burns is brought on board?---Yes.

Certainly finance or the finance package had been rolled out by Logica and a number of departments. Yes?---Yes.

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By March 2007, there had been a go live for the Department of Housing in relation to HR?---Mm'hm.

Whilst it was identified in the snapshot review by Mr Uhlmann that there was going to be - it was going to go over time and over budget - - -?---Yes.

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- - - bringing in Mr Burns to review this and then ultimately permitting him to take on the position of program director which was one of his recommendations in his May 2007 review and then ultimately appointing him to the SDA which was again one of his recommendations, it would seem that at least yourself - and I will only deal with you at this stage but you were giving or empowering Mr Burns in a way or in circumstances where he was ultimately a stranger to the Queensland Health?---Yes. When - his first - and his only appointment was as a contractor to the public service, he - I think probably did view himself in the program delivery director role and perhaps Mr Uhlmann did as well, that he had the skills and ability. I changed the title of the position to program review director to clearly clarify that he wasn't the program delivery director, he was there to review and to make recommendations.

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Did you change it or change that description because you thought he was overstepping the mark?---No.

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Why did you change it to that?---Because from a psychological point of view, I think it sent a different message to both internal to the organization and to external from the organization as well, that he was the program review director. I believed after some time in the role that the program delivery director's function - they were talking about the program - should have been in my role and I firmly believe that that endorsed that I didn't believe that I was the person to be there for the long haul and I have spoken to - I spoke to Mr Grierson after we had got to (indistinct) on two occasions that I thought it was time to bring in someone with - what was more the program delivery director role and that I had done what I was there to do.

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Who was that person?---Well, I didn't have a person in mind. It was that I thought it was time that they searched for - yes.

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All right. We're talking July 2008 then?---Yes.

As at the time that he finishes the review and he commences in the program rebuild position, he is appointed to what you call the program review director - - -?---Yes.

- - - not dissimilar to the position that he had actually recommended in his report. Correct?---The difference was that it was the review word that was important, that he was there to review.

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All right, let's accept that. He also recommended a highly empowered or an empowered SDA, did he?---Yes.

You ultimately appointed him albeit, on a temporary basis - - -?---Yes.

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- - - but in a very important time, you appointed him to the SDA, didn't you?---Yes.

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And he led the SDA, did he not?---He led the set up of the SDA, yes.

Quite. Now, in dealing with the public servants that he was dealing with, they knew two things, didn't they; first of all, they knew prior to you coming on board in July 2007 or slightly earlier they knew that Mr Burns had a direct line to the under-treasurer, didn't they?--- I saw that comment and I never believed he had a direct line to the under-treasurer - that he, Mr Bradley was always very unconscious of hierarchy and I'm sure that Mr Bradley viewed that - in the time that I was in the role that his direct line was through me to Mr Bradley. Now, Mr Bradley may have spoken to him on the phone as he - from time to time if he wanted to clarify something but his direct reporting line was through me.

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Do you recall ever discussing with Mr Bradley that Mr Burns had specifically asked him for a direct line to him because from time to time he may need to be critical - specifically critical - of senior people involved in the program?---Yes. Sorry, no, I don't - I don't - I wasn't part of that conversation if it occurred.

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You see, we have heard evidence that he actually told Mr Bond that he had a direct line to the under-treasurer and he was telling other people involved in the program that he had a direct line to the under-treasurer. Did you know that he was telling people that?---No.

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Would that have concerned you had he said that?---Yes, it would have.

And it would have concerned you in this sense, wouldn't it; in terms of the structure of the public servant, if you have an independent contractor that is dealing with a program that seems to be over budget and over time, that he would be empowering himself in the eyes of those public servants by saying, "I've got a direct line to the under-treasurer"? ---Yes, I can see that.

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And that would concern you, wouldn't it?---Yes, it would, yes.

Do you have any knowledge then of Mr Burns going to Mr Bond together with Mr Goddard, another contract, and to quote Mr Bond, "aggressively telling him that you're not to go and see the under-treasurer"?---Yes, I recall that. Yes.

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Mr Bond came to you and complained about that, didn't he?---Yes.

What did you say to Mr Bond?---I spoke to Mr Bond - well, I didn't agree the approach that Mr Burns had taken. In fact, at that point in time I was encouraging Mr Bond to go and speak to Mr Bradley because it was a fairly difficult time for him because he had been driving the program very committedly for about two or three years and I was aware that the government had made a decision to go in a different direction and I was suggesting - I had personally suggested to Mr Bond that he should go and talk to Mr Bradley because I knew he had worked with Mr Bradley for many years and there was a personal - a strong commitment to one another so it wasn't anything that concerned me that Mr Bond when to go and speak to Mr Bradley and I conveyed that in a later meeting to Mr Burns and I also conveyed to Mr Burns that it was not - the way that he approached - the way Mr Bond had told me that he had approached him was not acceptable behaviour as far as I was concerned.

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Quite, but these public servants also knew - these public servants who ultimately become part of the evaluation panel - - -?---Yes.

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- - - also knew that Mr Burns had been instrumental in the removal of Mr Waite, didn't they? That was common knowledge in the department?---Yes. Could I just clarify that.

Please?--- Because I don't know that I can totally agree that he was - it depends how we define instrumental but Mr Waite chose to leave because he didn't agree with or he found it difficult, the criticism that Mr Burns' report had given so I suppose I think it's a bit unfair to say that that was totally Mr Burns' instigation.

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Quite, but you would agree that a primary cause of him going on leave was the nature of the criticism made by Mr Burns?---Yes 1

But also my point is: you knew that was common knowledge in the department, yes?---I honestly can't say that the two things were linked, I think people knew Mr Waite left, they knew that he would have known that he left as a result of that report but I don't think people would have found that unusual because it had been - Mr Waite and Mr Bond, both of them had put a lot of personal effort into trying to make it work. 10

I mean, in terms of government and management you actually have created an empowered contractor that's almost a creature not known to government, would you agree?---Yes, I'd agree with that.

And you must have had concerns at the time that Mr Burns was going beyond his brief as a contractor?---I had concerns about his style and the way he was going about it, which I talked to him about on several occasions, that in terms of maybe getting too big for his boots in terms of the way he presented himself was not acceptable. 20

When you ultimately came to fulfilling on a permanent basis the SDA, you didn't choose Mr Burns, did you?---No.

There are a number of reasons for it, but the first reason was just in terms of cost you had a contractor on a daily basis as opposed to a permanent public servant that ultimately fulfilled the role, yes?---No, that wasn't the primary. The primary reason is that I didn't believe Mr Burns had a long term role within CorpTech, I think he was good at what he did with the short term role in terms of reviewing and perhaps shaking the place up a bit, but in terms of a long term role in the organisation I never viewed - and hence the PDD role, I never filled it while Mr Burns was there because I knew he wasn't the person for the role. 30
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Why was that?---(1) because of his style, I think his style suited the reviewer, you know, unsettling things, making recommendations; the other was he wasn't someone who was strong on detail. I don't believe he had strong management skills that I would have expected in a senior public servant with a line responsibility.

Mr Bond, when he gave evidence here, says he came and saw you when Mr Burns told him not to go and see Mr Bradley. His recollection of your response is quite different to yours?---Okay. 50

First of all, you didn't tell Mr Bond, "Look, I'll go and see Burns and pull him into line," did you?---I can't recall but I would have thought that would have been

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understood, and particularly one of my direct reports made a complaint to me, I always dealt with it by dealing with it directly.

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Mr Waite had gone on leave and certainly didn't come back, did he?---No, that's right.

What you told Mr Bond on that occasion was he should consider his future with CorpTech?---Yes, and the reason I did that - - -

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First of all, can I ask you: you did say that to him, didn't you?---No, I didn't say it in those words.

What words did you use then?---What I said to Mr Bond was that I knew it was a difficult time for him, I knew he was very angry about what had happened, I suggested to him that if it made it easier for him that I would be supportive of him exploring other options, and I talked to him about what those options were and that - do you want me to talk?

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Yes, please, would you?---I talked to him about the possibility of taking some leave, he had quite a bit of recreation leave built up that he could take that and have a bit of a break. I talked to him about whether he would look at some sort of senior executive service rotation either on a temporary or a permanent basis to give him a bit of a break, so it was in that sort of context. And I had also spoken to Mr Bradley about that prior to talking to Mr Bond, because I know Mr Bradley found it quite difficult the decision around moving CorpTech because he was very loyal to his staff. And that was part of the context suggesting to Mr Bond that maybe he also has a chat to Gerard.

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Mr Bond had an open door policy with Mr Bradley, didn't he? Sorry, I should put that around the other way. Mr Bradley had an open door policy with Mr Bond?---Yes, but no more than he would have with many of his staff. Mr Bradley was very loyal to - and particularly people who were long term that's in Treasury - but I knew and Darren knew, Mr Bond knew that if he phoned Gerard's secretary that he would be able to get him to see him.

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And Mr Bond was a long-term public servant. Yes?---Yes.

He was on the front line of rolling out the Shared Services Initiative. Yes?---Yes.

And he certainly discussed with you the resistance he was experiencing on a daily basis from agencies who were to receive the benefits of the Shared Services Initiative. Yes?---Yes, and as the head of a shared services provider I was very aware of the background of all of that from my previous role.

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Why did you say to him, "Mr Burns is quite wrong as a contractor to come along with Mr Goddard, another contractor, and tell you, you can't just go and see the under-treasurer"? Can I suggest why you didn't?---Yes.

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Why you didn't is because Burns had become empowered in his position as a contractor with a direct line to the under-treasurer, and he was viewed by you as a solution to CorpTech's problems?---Sorry, Mr Burns viewed me, yes?

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No, you viewed Mr Burns as a the solution to CorpTech's problems?---I'm sorry, I can't agree with that.

Why is that?---I didn't view him as the solution to CorpTech's problems, I viewed him as someone who had the experience to be able to come in and review and make recommendations to try and solve some of CorpTech's problems.

COMMISSIONER: Didn't you find it extraordinary that Burns should say to Bond, "Don't speak to the under-treasurer"? ---Yes, and I think it was indicative of Mr Burns not understanding the workings of government and the hierarchy within government.

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All right. By why, then, was your response to the problem to Bond he should go away rather than Burns?---I don't know that I actually told Bond he should go away at that time.

No, they're my words and perhaps I put too much of an emphasis on it. Effectively, Mr Bond complained to you about what, on the surface of things, seems to be an extraordinary piece of misbehaviour by Burns and you suggested him, constructively perhaps, that he should look at his future?---And I'm not sure that those two things happened in the one meeting, I'm sorry, but I know that I had that conversation but I don't know whether they were in the same meeting. But also I had a conversation with Mr Burns that, you know, I guess I disciplined in for his behaviour in that way.

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But as far as you could tell, when you spoke to Mr Burns did you see any change in his patter of behaviour afterwards?---Yes, with the way he spoke to the senior management team. Yes, I did. Yes.

How is it that, under all those tight controls you explained earlier, Mr Burns was able to tell Mr Bond not to speak to the under-treasurer?---They were peers in terms of the level that - - -

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No, you said you were micromanaging Mr Burns. How is he then able to speak to Bond - - -

MR KENT: Mr Commissioner, I hate to interrupt but I don't think the witness has ever said that.

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COMMISSIONER: She used the word "micromanagement".

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MR KENT: She went as far as saying that may have been Mr Burns' perception, she hasn't said that she was micromanaging Burns.

COMMISSIONER: All right. You told us, though, you had a series of tight controls over Mr Burns. How is it that he could slip through those controls and speak to Bond the way he did?--Well, because the controls weren't about me spending every moment of the day with Mr Burns, the controls were about monitoring his outcomes and monitoring how he was going with the overall direction of the program, but it wasn't about attending every meeting.

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Of course. Were the controls you described listening to Mr Bond's reports of he said he'd been doing?---Sorry?

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Were the controls you described, in essence, suggesting what Mr Burns said he had been doing?---Listening - sorry, I don't understand the question.

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Well, Mr Flanagan asked you and I asked you to explain and describe the controls you said you put around Mr Burns?
---Mm.

But from what I understand of your description, all that happened was he told you on a frequent basis what he'd been doing?---And I was also getting - seeking and getting feedback from other - his peers, what was happening in meetings, so - and that incident with Mr Bond was very early in my supervision of Mr Burns, so that was - I guess it was give him a chance. I gave him feedback that behaviour wasn't acceptable within the workplace and I didn't see senior management team, I didn't see evidence of that again.

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MR FLANAGAN: Thank you. It was the case, wasn't it, that after the snapshot review done by Mr Uhlmann and the review done by Mr Burns in May 2007, that you had the view that the CorpTech roll-out of the Shared Service Initiative was failing?---Was failing?

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Yes?---Yes.

That's not a view that Mr Bond shared with you, was it?
---No.

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No. And he told you he didn't believe the initiative was failing?---Yes.

He certainly knew that the initiative was behind schedule - - -?---Yes.

- - - but he did not believe the initiative as it was constituted was failing?---Yes.

And what was your response to him when he suggested to you it wasn't failing and didn't need this new approach?---I had been involved with the Shared Service Initiative since 2002. I led what I believed, and others, the most successful Shared Service provider in Queensland. My agencies had the view that they weren't being serviced properly through the CorpTech roll-out, so I had that background, but also when I went into the PPO role - and sorry, and prior to that, I had been part of the executive steering committee of which Mr Waite chaired and I was one of the executive directors on it. I was also through that aware that schedule 9, the roll-out schedule, kept moving, they couldn't stabilise it. I had asked the question of Mr Waite from there on - and Mr Bond on a couple of occasions, "Surely there must be more science to developing a roll-out schedule than a whiteboard where the person who

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whinged the loudest, their department went to the head." I also, when I went to the PPO, in that role the contractors started - because I had moved into that role, the contractors started talking with me about their concerns and Accenture was one of the most vocal, that the roll-out schedule wasn't stabilised and they had no faith in it. The evidence was there then once I went into that PPO role, I had a clearer vision of view of the budget and was aware that if you did sums, that we were going to run out of money with around 12 months. We had only one department on the new payroll system Housing and the original plan was that all of the agencies would be finished within five years, so I think there was a lot of evidence there and I viewed Mr Bond, while I was supportive of Mr Bond, I believe that he was one of the few people in the public sector that thought it was going well.

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All right. And similarly, he expressed the view, or you had a different of view as to whether or not ultimately a prime contractor model should be adopted. Yes?---He expressed the view?

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Yes. He was against the prime contractor model, wasn't he - - -?---Yep.

- - - because he saw that as simply being more risky than what was already being conducted?---Yes, that was his opinion, yes.

And he also viewed it, ultimately, as being more costly? ---But he had no evidence to that, but he may have, yes.

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All right. In any event, you saw him as constituting the old approach?---Yes.

So when he came to you and complained about Mr Burns telling him that he should not go and see the under-treasurer, apart from telling him to look to his future, another response of yours was to say to him, "Look, Mr Burns is just aggressive; put up with it"?---I never said - I would never say, "Put up with it."

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In fact, what you said to him was, "Put up with it for the sake of the government," or, "for the good of the government"?---I don't believe that I would have said that in that context. I may have said - more likely I would have said that it was a decision of government that we move forward but I would never have used the words, "Put up with it."

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All right. You'd appreciate I'm simply putting to you what Mr Bond has told us?---Yes.

Yes. Thank you?---Yep.

Was part of you telling Mr Bond to look to his future in the way you've described, so when I say "look to this future", I mean the options - - -?---Yes. 1

- - - you gave him. Was part of that because you fundamentally disagreed on the validity of the old approach and you disagreed on whether - and you disagreed on the way forward?---It wasn't about disagreeing; it was that if the government had made a decision to review and look at the possibility of taking a different direction, and I believe Mr Bradley had agreed I was carrying out the directions of the CEO committee and Mr Bradley. Sometimes people who have been in an organisation, in the old organisation, a valid strategy is for them to move on because it's too difficult to stay. 10

Yes. Thank you. But in that sense, you preferred Mr Burns's approach to the solution then what you were being informed of by a long-term public servant, Mr Bond. Yes?---Mr Burns had been recruited to carry out a review and make suggestions to change. I believe I was tasked with the job of trying to move CorpTech forward and I was fully aware that continuing doing what were doing wasn't going to work. 20

But Mr Bond had five years experience in the Shared Service Initiative roll-out, hadn't he?---He had, yes.

And Mr Waite had considerable experience in relation to the Shared Service Initiative - - -?---He had. 30

- - - from the very beginning?---Yes.

Yes. Yet, when Mr Burns comes in, he's a complete stranger to government, he does a snapshot review with Mr Uhlmann, albeit that he has limited involvement in that, and then he does this review in May 2007. Yes?---Mm'hm.

Where he's gathering information about the Shared Service Initiative and its roll-out. Yes?---Yes. 40

So in that sense, he's a person unknown to CorpTech, unknown to the state who really comes afresh, which is perhaps an advantage - - -?---Yes.

- - - but comes in afresh to a problem or a system that has been in operation for five years?---Yes.

Did you see any dangers in having an independent contractor empowered in the way Mr Burns was empowered for the purpose of conducting this review?---Yes, and that is why I chose to put the controls around him. It isn't unusual in government to bring in an independent reviewer to review a system or an organisation, or a process, that is seen to be at a point of failure to - and to suggest remedies. So the 50

independence of Mr Burns wasn't necessarily - I didn't view that as a problem but I did view that we needed to make sure that we had the proper controls, as I suggested before, around him. 1

The difference between a public servant doing something, a review, and a contractor doing a review, is that a contractor may act from self-interest. So, for example, here, you knew that Mr Burns, having done the May review, recommended a program director to which he was appointed with a change entitled by you. He also recommended an SDA to which he was appointed, albeit on a temporary basis? 10
---Yes.

So a self-interest of continuing one's contract or continuing one's role, there is an element of self-interest that public servants simply do not have. Correct?---Yes, but neither Mr Bradley nor I saw Mr Burns - Mr Burns may have had every intention of staying there but neither of us saw him in the role in the long-term. 20

All right. Thank you. He certainly stayed there in the role of leading the procurement policy in conducting contractual negotiations - - -?---Yes.

- - - that led to 7 December 2007 contract?---Yes.

Yes?---Yes. 30

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All right. Now, when you had your meetings with Mr Burns and he informed you of what he had been doing, did he also inform you of what he had done?---Yes. He would have been briefing me on what he had done and what he was intending to do so it was a two-pronged meeting.

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Thank you?---Now, when you came on board in your new role as executive director of CorpTech, were you given a briefing in terms of what proposals were being put forward by the existing external service providers?---No.

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Thank you. Were you at all familiar with the fact that Accenture had put in a document which was critical of the process that had been followed to date?---I hadn't seen a document but I - one of the senior contractors, the most senior contractor who was working within CorpTech had met with me and stated a high level of dissatisfaction with what was happening and I suggested that they should brief Mr Bradley.

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Who was that?---Karen Mottershead.

All right. She was from Accenture?---Yes.

And she produced a paper in relation to that?---Well, I'm not sure of the paper. I just - she had a verbal conversation with me and given that I was new in the role, I thought that she should brief Mr Bradley because I assumed he would have had more knowledge of the work that had gone before.

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Can you recall when that conversation took place?---It may have even been during May. I can't remember the exact time but it was - from memory I think I had the meeting in my office in Mary Street rather than in Santos House which suggests it was just prior to taking up Mr Waite's role.

Who else was present at that meeting if you can recall?---It would have been just - I think it was just me, mm.

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Now, do you also recall that Mr Waite before going on leave had requested Lochlan Bloomfield from IBM to put together a proposal?---No.

Did you ever read a document called Proposed Conceptual Model for the Implementation Program?---I don't recall.

All right, thank you. Now, may I take you then to some documents. Can I take you to volume 27, please, page 230. Have you read this document before?---Just a couple of days ago.

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Thank you. Was that in preparation for giving your evidence today?---Yes. 1

To put this in context, this is an email dated 2 May 2007 so it's after you, David Ford, Mr Waite and others had met with vendors, including vendors, Mr Bloomfield from IBM, Mr - - -?---Porter.

- - - Porter from Accenture and Mr - - -?---Duke, probably, from Logica. 10

Or was it Mr - the man from SAP?---Pedler.

Thank you. Mr Pedler from SAP?---Mm.

So it's after this meeting took place on 30 April 2007. Could you read this email, just familiarize yourself with it once again?---Yes.

Once again in terms of the communications between Mr Burns and Mr Bloomfield of IBM?---Mm'hm. Yes. 20

Before I go into detail with this document, may I ask you this general question: in terms of your own knowledge of the nature of the review that Mr Burns would be undertaking for CorpTech in May 2007, is this the type of communication you envisaged he would be having with vendors?---Yes. Yes and I guess the tone of it while he has attributed Terry to say paragraph 3 that Terry has said this, this is very much a summary of what Mr Ford, the briefing Mr Ford had given a couple of days earlier so I had the minutes that Geoff Waite and I put together - or not the minutes, the briefing notes we had put together for Mr Ford for that meeting and these words were pretty much verbatim, what we had said so whether he had attributed that to Terry or whether it should have been attributed to Mr Ford but that was the tenure or the tone of what we had wanted him to do, to speak to all of the vendors. 30

Quite, but there is no part of that briefing note that suggests for example that IBM were under-represented in the CorpTech program. Correct?---Sorry, are you saying that that's in here? 40

That's in this document?---Yes.

But it's not in the briefing, is it?---No, no.

Nor is it in the briefing note that Mr Burns is saying that what the program needs - that is a CorpTech program needs - is a significant increase of involvement by IBM. That wasn't in the briefing note, was it?---No. 50

Ms Perrott, did Mr Burns tell you in any of his briefings to you that he had spoken to IBM, Mr Bloomfield from IBM, and said that he was of the view and expressed this to IBM,

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he was of the view that IBM were under-represented in the CorpTech program and that what the CorpTech program needed was a significant increase of involvement by IBM?--No.

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Well, does that part of the communication between Mr Bloomfield and Mr Burns constitute what you viewed as being part and parcel of the type of inquiry or conversation that he would have with a vendor for the purpose of carrying out his May 2007 review?---No. I'm not sure - no, however this is an email from Mr Bloomfield to his boss.

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Put that aside. I'm not asking you to comment on the quality of the evidence?---Yes.

If you just simply assume that this represents an accurate record or a contemporaneous record of the conversation between Mr Bloomfield and Mr Burns, was it part of Mr Burns' brief for carrying out his review in your mind to be saying to IBM or communicating to IBM as at 2 May 2007 that IBM was under-represented and needed to have an increased role?---No.

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Why do you say that?---Because we were going out- the brief that I thought or the strategy that we had put in place was that we would give consistent information to all the vendors, we would seek consistent information back from the vendors and we were looking for - I guess the term there, there's no holy cows there or no - you know, we were looking at saying, "Well, just because someone is in the tent doesn't necessarily mean all their opinions will be right," so I think the tone of it was we would go out to all the vendors, give them any information they needed to come back to us with good suggestions for how we might improve the nature of the program so it wasn't within his brief to make comments like, "You're under-represented or you're over-represented."

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Yes, but putting aside that it's an impression that Mr Bloomfield obtained but he writes that he thought that Terry is almost at a stage that he is coaching us?---Mm.

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Was it any part of Mr Burns' role in conducting his review to be saying words or giving the impression to a particular vendor that they were being coached?---No.

It was, however, part of his role, was it not, to seek proposals for a way forward from the vendors?---Yes.

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And to bring out the best from them, yes?---Yes. 1

Mr Burns has suggested that he was also seeking to make the field as competitive as possible?---Yes.

Was that part of his brief for the purposes of this review, or was that part of his brief for the purposes of a program rebuild?---That would have been program rebuild, I think.

Was it at all contemplated that Mr Burns would have a continuing role at CorpTech after he had done his review? ---Not at that stage. 10

Was that before or after he delivered his report at the end of May 2007?---It would have been after.

Until that point, Mr Burns had no promise from you at least of a continuation of contractual arrangements - - -?---No.

- - - with the state of Queensland?---No. 20

All right. Can I ask you this, though: when Mr Burns asked Mr Bloomfield to put together a proposed approach schedule resource plan and costs model for the CorpTech program - do you see that?---Yes.

Would you view that as an item, or view that as a request that would fall within his brief?---Yes, it is that paragraph that pretty much describes Mr Ford's - - -

Ford's?---Yes. 30

And, indeed, those words were words used by Mr Ford in the context of his meeting with the vendors, yes?---Yes.

The purpose of seeking such documents and indications from potential vendors was to view a way forward. Yes?---Yes.

The reference to "no holy cows", had Mr Ford, in his meeting with the vendors, all vendors, or three vendors identified, talked about that, "Even though there are existing contractual arrangements for time and material supplied by vendors that a way forward could contemplate a different model"?---Yes. 40

A lot of the meetings that Mr Burns has with Accenture IBM and SAP and Logica are of course in the presence of other CorpTech representatives?---Yes.

Did you ever give, as part of your macromanaging (sic) Mr Burns - - - 50

COMMISSIONER: I think it's micromanaging.

MR FLANAGAN: Micromanaging Mr Burns, do you ever give him an instruction that he is not to see, or was not to see, vendors without a government representative being present? ---I don't recall whether I would have given him - I don't know that I would have ever said that perhaps as explicitly as that, but I was aware that he was taking - I can't remember the lady's name at the moment - - -

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Dianne McMillan?---Yes. With him, and often Keith Goddard would go there as well, would be part of the meeting. I was comfortable with that when he was reporting to me for the reasons that you're talking about, but I don't know that I ever explicitly instructed him because it was happening.

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According to his own statements, he says he was having with IBM representatives meetings on a fortnightly basis, sometimes over coffee, without CorpTech representatives there, sometimes he says you might have been there or Dianne McMillan might have been there or Mr Goddard, who was a contractor, might have been there. But is there any level of discomfort you have for a meeting between a contractor such as Mr Burns and representatives of vendors without a government official being present?---I can't answer yes or not to that because to some extent it depends on the nature of the meeting and what was discussed. My preference would have been that he had, for his own safety apart from the government's, someone else with him. If it was a meeting to discuss some aspect it might be appropriate to have a quick meeting with someone, as they would have in the hall at CorpTech, you know, they'd run into one another in the hall. The Accenture people, particularly, would have been running into a number of contract staff and may have been having informal meetings, so I guess for me it depends on the context and what was discussed.

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Thank you. Can I take you, then, to page 252 on this document? Of the same folder, Ms Perrott. Again, is that the type of communication you would have expected as between - this is 9 May 2007 - Mr Burns and a vendor for the purpose of him conducting his review?---Yes, certainly the request for the business case was a regular question that people were asking. I probably would have said that wasn't - I wouldn't be providing that. Yes, I think so in terms of - and I noticed it was CC'd to Geoff Waite, so I would have thought if Geoff had problems with that he would have talked to Mr Burns.

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All right. Thank you. Then 267. This is prior to Mr Burns finishing his report, if you just read that email I want to ask you a few questions about it?---The one from Mr Burns or the one from - - -

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The one from Mr Burns to Mr Bloomfield, dated 16/5/2007, at 8.08 am. The third paragraph of that email says, "I'm

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looking to enter final negotiations with vendors, partners by mid next week." Do you see that? Can you give this commission any assistance as to why Mr Burns would be suggesting that to a vendor?---I've got no idea. I mean, 16 May, it was a data gathering exercise, analysis and coming up with suggestions, so I don't know why he would have used that term of phrase.

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That would suggest "final negotiations" or "ending final negotiations with vendors, partners by mid next week" is that Mr Burns is viewing his role quite differently to the way you would be viewing his role. Yes?---Yes. Well, from reading that, yes.

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Was there any part of his review that would have empowered him or permitted him to be entering into negotiations with vendors to contract?---No.

No. At this stage, I know you don't come on until the end of May, but to your knowledge had any person in the state government instructed Mr Burns as to procurement policy of the state of Queensland?---I don't know that anyone had.

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Once you do come on board though, when there's the RFI, that's the request for information, followed by Mr Burns' email of 25 July 2007, the request for proposals, it was the case, wasn't it, that Mr Burns together with Goddard was pushing to enter into contractual negotiations following on from those informal processes, yes?---They were exploring, pushing exploring, however it was never in my mind that we weren't going to go to a more formal process because I could not see how we were going to do that but they got advice from Swinson at that point.

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Yes, but Mr Swinson has given evidence that it was Mr Burns in particular who was seeking to contract after the RFI process, or seeking to contract after the RFP process. What he actually wanted to do was sit down Accenture and IBM who, for all intents and purposes, had been identified by not just by him but by you also as the two primary contenders for this work, weren't they?---Yes.

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And at all times they were the primary contenders for this week?---Mm.

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What he wanted to do after these informal processes was sit down and start contract negotiations with them, one against the other or in partnership, whatever, to come about - to come to a conclusion or a solution for this perceived problem. Yes?---Yeah. He may - it may have been - my understanding was we were exploring the possibilities of that at that time or they - there was a recommendation to me that they saw the possibilities of that. My feeling was that (1) we needed to get advice, but my recommendation was that if we were going to engage with any vendor, that we went to a full tender process, and that was for a couple of reasons and one is I don't believe we could have contracted with IBM because they had a much narrower scope in their 2005 contract and, secondly, there was enough discontent or doubt around Accenture's performance from around the sector and particularly the big agencies like Health and Education that I would have thought just to move in that way with Accenture, Accenture would have had real credibility problems across the sector, so to - the best way to move was to move into a more formal tender process.

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Do you recall on 2 August 2007 that Marc Salouk and Mr Porter, and Mr Snedden from Accenture, attended a meeting with you, Mr Burns, Mr Bradley and others in relation to the request for proposal?---I remember the meeting. I can't remember, though, and I've struggled to try and remember exactly why the meeting was put in the diary, but I remember the meeting.

Do you recall at that meeting Mr Salouk, in particular, was asking Mr Bradley and indeed everyone who was present whether the government could contract at the end of the RFP process?---Again, I don't specifically remember that conversation. I'm not saying he wasn't but I don't remember that specifically. I remember - I think they did a PowerPoint presentation to Gerard and us, I remember that, but I don't specifically remember the conversation around whether we could move to - - -

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What was the PowerPoint presentation about?---I can't remember exactly; I just remember that we were in the conference room in the executive building where Mr Bradley's office is and I remember that they did a presentation to Mr Bradley. Now, I probably - if I was asked in memory what that meeting was about, I would have said that it was more a marketing meeting as they were apt to do.

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All right. On the meeting, on 7 August, Accenture did a full proposal to CorpTech and Queensland Treasury where there were close to 30 people present?---Yeah.

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And then because Mr Bradley couldn't attend that proposal, he - there was a further meeting with Mr Bradley on 8 August. Yes?---Okay. Yes.

Where you attended?---Yes.

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And Accenture did their full proposal - - -?---Yes.

- - - presentation for him?---Yes.

But going back to 2 August, do you recall that Mr Salouk specifically said, "Can we contract with the government after this RFP process"?---No, I don't remember that specifically.

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Do you recall he raised the topic of the silver bullet? That is, "Beware the silver bullet" in the sense that Accenture was going to come up with a not to exceed price. Yes?---Yes.

In terms of their proposal?---Yes.

And he was saying, or Mr Snedden through Mr Salouk was saying the government should be careful of a tenderer or a proposal coming in with too low a price?---Again, after six years, I don't remember that specifically. I mean, I don't remember it being part of that meeting. I know that was a theme at the time.

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You see, you were part of the evaluation panel both for the RFP and for the ITO - - -?---Yes.

- - - weren't you?---Yes.

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In fact, you were the chair of the evaluation panel for the ITO. Yes?---Yes.

So you're a person who is in position to know the price - sorry, I withdraw that. You are a person in a position to know both the indicative prices presented by the various tenderers for the ITO - - -?---Yes.

Sorry, for the RFP and for the ITO. Yes?---Yes.

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Did it ever occur to you in the course of the ITO process that the price that IBM tendered for, which in their footnote of their executive summary is \$98 million, was very different - well, much lower than their indicative price of 153 to 190 million dollars in the RFP?---The fact that their price was lower than everything was certainly an issue that I forced the evaluation committee to explore.

You better tell us how you forced them to explore that? ---Well, "force" mightn't be a good word but in terms of the evaluation process, it was a three - this is for the ITO.

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Yes?---It was a three step process and the - each of the teams did their own evaluations and then we came together as an evaluation committee, then the leaders and we

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explored - I guess "moderated" is the word, I suppose. Now, one of the issues that was foremost in my mind is the fact that the submission was lower but that was linked directly in terms of the debate and discussion we had in two of the evaluation meetings and probably the third was the issue around Workbrain and it was - they presented it to us as being a much cheaper way of configuring the awards than SAP and it was proven in the Housing go live that took time and, in fact, was one of the major factors in the delay of the housing, so it was something that we wanted to explore and the price was - the price at the ITO level was presented as being directly linked to that.

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Can I come back to the ITO process - - -?---Later, sure.

- - - later on? If I could just continue with these documents, if we may. Is it the case that you can't shed any light on why Mr Burns would have communicating in this document that he was intending to enter into final negotiations as at 16 May 2007, that is before he even finished his review?---Yeah. I can't - - -

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Thank you. Can I take you, then, to volume 33, page 424? ---Sorry, the page number?

424, please?---Oh, sorry. Yes.

Yes. Could you read that email to yourself, please?---Just the first email?

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Yes, please?---Okay. Yes.

May I ask you this, you'll see it's dated 28 June 2007. Mr Burns is actually communicating that 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. Does it cause you any - - -?---Sorry, I'm thinking the - - -

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COMMISSIONER: It's the bottom email?---Oh, the bottom. Okay. Sorry.

MR FLANAGAN: Sorry. It's the last - if you read the last four paragraphs at the bottom email, sorry, Ms Perrott, my mistake. Now, this is after he's done a review. This is after you've appointed him as the program review director. I think you may not have, at this stage, appointed him - sorry, you may have appointed him as the acting head of the SDA. Now, is there anything about the communication recorded here between Mr Burns and IBM, and the information contained therein that causes you any discomfort in your role as executive director of CorpTech?---As reported by Mr Bloomfield.

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Yes?---Well, yes, there is. I guess the fact that he's providing information about other suppliers would concern me.

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Yes?---And the other question I'd ask is: was he asking all the suppliers for ideas about the SDP, and also giving them all information that saying to Accenture and Logica that he's frustrated by the fact that they're not coming up with creative ideas or there's nothing new in what they're saying.

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You can take it from me that in the material there is an email from Mr Burns to Mr Bloomfield where he expresses disappointment that IBM aren't coming up with innovative ideas?---Okay, yes.

So there is that sort of communication between the parties. but tell me this: do you have any concern about what the under-treasurer may or may not have told Mr Burns as to his intentions of going back to parliament for further funding? ---Well, the fact that he indicated the remaining budget is of concern, although, as I've said on previous occasions, I don't think this budget was any secret.

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You can take it from me that on 2 July, in a presentation by Mr Burns and Mr Goddard, this specific budget was discussed. What's not discussed is the next item, which I'm asking you about; that is, the under-treasurer's intention?---So the fact that the under-treasurer had said to Mr Burns?

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No, the fact that Mr Burns is communicating?---Yes, it does. Yes.

Would it have been known in the market generally, and in government generally, that if this initiative couldn't be carried out within the existing budget, \$108 million, it was likely that the under-treasurer would revert to parliament for further funds?---I think it could have been assumed because that's the way government works, but I also believe that Mr Bradley would have had to have proven better success in the program to actually attain other funding, and I think that was probably the tenure at the time. That was in my conversations with Mr Bradley, I guess, and I would have thought that these providers are used to working on big projects within government and knew how government worked.

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The email also notes, and I should emphasise this is Mr Bloomfield's words and it's probably a summary of his of what was said, but it might even not be a summary of what was said, it might be what he is assuming. It says, "Terry obviously can't absolutely guarantee IBM a large scale involvement in the longer term, however he laboured

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the fact that Accenture and SAP have nothing new." Now, Mr Burns wasn't in any position to guarantee anyone anything, was he? Correct?---That's right. 1

And he certainly didn't have any delegation to do so, did he?---No.

You certainly never authorised, did you, to negotiate with vendors?---No. 10

his role was, as part of the government and a contractor to the government, to obtain vendor responses. Yes?---Yes.

And at this stage there had been an RFI process of seeking responses by way of information supply. Yes?---Yes.

And there was also a process starting on 25 July 2007 for proposals. Yes?---Yes.

Was it any part of Mr Burns' role to be negotiating with these parties in this way?---No. 20

Did he tell you that he was doing this type of negotiation? ---No.

Did he tell you he was having these one-on-one meetings? ---Well, I knew that he was meeting with the vendors for the purpose of doing the job that we tasked him to do and I thought the parameters around what we wanted him to do were quite clear, and that wasn't negotiating with vendors about anything. 30

Why wasn't an instruction given to a contractor undertaking this type of process not to meet vendors without a government representative present and without notes being taken of the meetings between vendors? That's a very simply probity aspect, isn't it?---Yes.

Even in relation to an RFI, isn't it?---Yes. 40

Doesn't Mr Burns meeting without a government official mean that he can communicate to one vendor in quite a different way to another vendor?---Exactly, yes.

To the extent that these documents evidence different types of communication that had a different nature or different taste, had a government official been present taking notes and monitoring the situation that wouldn't have arisen at all, would it?---It may not have, no. 50

Apart from being micromanaged, Mr Burns has, here, given an enormous amount of power and an enormous amount of freedom as a stranger to the state, isn't he?---I don't agree.

Why not?---Because I believe, as I said earlier, that his program - the strategy was developed that he was working within the parameters that we set, that he had strict reporting regimes around him and it was my understanding that he was working in concert with the public service team that I put around him.

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But you don't think he should have had this sort of meeting with IBM?---No, I don't.

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So it means whatever parameters were put in place, they didn't work?---Assuming that Mr Bloomfield's interpretation - - -

You agree with me?---In that context, yes.

You had been given certain warnings in terms of Mr Burns' conduct of the way he treated senior public servants, that he had a certain way of doing things. Yes?---Yes.

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And therefore you knew that one needed to ensure that communications and negotiations as at 28 June 2007, that communications and negotiations with vendors had to have: (1) a level playing field. Yes?---Yes.

Those communications and negotiations had to be entirely fair: (1) to the other. Yes?---Yes.

And to comply with the Queensland procurement policy, one had to be seeking, at all times, a level playing field? ---Yes.

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So that information or intelligence given to one vendor is always given to the other vendor?---Yes.

Can you assure this commission that process happened in the RFP and ITO process?---Well, yes, because to the best of my knowledge I can, it was a much more formal process and that the communication with the vendors was much more regularised and was - my memory is there would have been teams of people.

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As an agreement between Mr Bloomfield of IBM and Mr Burns, Mr Burns and Mr Goddard went down to IBM's offices on or about 3 August 2007 for what Mr Bloomfield describes as a "dry run", that is, before the presentation to the senior management of CorpTech and Queensland Treasury, which happened on or about 6 August. They had a dry run of their presentation, which took around an hour, before Mr Burns and Mr Goddard, for the purpose of them giving input back to their presentation. That was an opportunity obtained by IBM, sought by IBM and given to them but not given to Accenture, SAP or Logica. Yes?---I don't know. I can't answer "Yes" today.

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In terms of the procurement policy of the state of Queensland, which you're fully aware of and were aware of at the time, is there a difficulty in giving one vendor a dry run in response to an RFP and not giving that same opportunity to three other vendors?---Yes.

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What's the difficulty and why does it offend the policy? ---Well, because it is about the level playing field and making sure that whatever information is given to one is given to the others. I can't be sure sitting here this afternoon that those opportunities weren't given to the other three vendors, and maybe the meeting with Gerard Bradley was in fact Accenture's dry run.

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That's my next question to you?---Yeah.

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Was there any part of the meeting with Accenture and the under-treasurer on 2 August 2007 that in your mind constituted Accenture presenting their proposal for the purpose of input back from yourself, Mr Bradley so that they could improve their proposal or improve their presentation for 7 August 2007?---Yeah. I said earlier that I can't exactly remember - I remember there was a slideshow and some sort of presentation and given the timing of that meeting was only a few days prior to the final presentations, I could assume that was a tactic of Accenture was getting their dry run in front of the director general.

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All right. Part of that meeting was, of course, meeting Mr Snedden for the first time of Accenture?---Yes. I may have met him in previous years but he was there and he would have been there because Mr Bradley was there.

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Part of your previous answer was that you said it may have been some type of marketing - - -?---Yes.

- - - presentation?---Yes.

Can you just sit there quietly for a minute and doing as best you can, tell us the nature of the presentation as you recall it?---I really can't remember and I guess the power of suggestion starts taking over.

30

Did you ever meet Mr Bloomfield one on one at a coffee shop?---I may have. My preference was not to meet people at the coffee shop because it was a waste of time and my diary was back to back, and sometimes, though, if I was travelling between meetings and buildings, and it coincided, I will do that, but I wasn't of the practice of having meetings in coffee shops.

Now, where the CorpTech building is, you had the practice of having coffee and breakfast at the same place every day. Correct? Is that correct?---Yes, yes, sorry.

40

And on occasions, you'd be joined there by Mr Burns?---I can't remember having - being - I could have been but I can't remember.

Can you tell us this: did you ever have coffee with Mr Bloomfield one on one?---Well, I may have.

Yes?---In between meetings but again, it wasn't my normal practice.

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Is there any conversation of moment between yourself and Mr Bloomfield that you need to tell this commission about? ---No.

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All right. Thank you. Can I take you, then, to volume 33. 1
It's 33(1) page 36?---Page 136, is it?

It's a new volume, it's 33(1), page 33. Sorry, volume 33,
page 36. And may I ask Ms Perrott to be shown exhibit 32
at the same time.

COMMISSIONER: Yes.

MR FLANAGAN: Do you recall receiving this email from 10
Mr Burns?---Yes.

How did you action it?---Well, seeking advice - I mean,
normally if I had have received that in this sort of
process, my first step would be to go to the lawyers for
advice.

Yes. Did you go to Mr Swinson?---Well, it may have been 20
Terry Burns under my direction. It could have been
Philip Hood under my direction assisting with that, but it
probably wouldn't have been me who went directly to
Mr Swinson but I was aware that Mr Swinson was being
contacted.

You were aware that Mr Swinson was contacted?---Yes, was
being asked "How should we deal with this"

Yes, quite, but my question's a bit more specific?---Sorry.

How did you action it, what did you actually do?---When I 30
got - - -

Yes?---When - after it had the Swinson - sorry. Well, I
would have, I would have got those emails sent to the four
providers, that email sent to the four providers regarding
the security breach.

Do you know if you did?---Yes.

COMMISSIONER: We can't find any record of it having gone 40
out, I think I'm right in saying that, and Mr Salouk told
us that Accenture never got one?---I - I am sure that this
letter would have gone to the four vendors because one of
my concerns when I first went to CorpTech was the security
of the documentation at a whole lot of levels and that was
- it's partly because the - it was an organisation that was
full of contractors who thought they were public servants
and they'd been working there for so long and there was
thought it would be condition of employment or access to 50
documentation or staying out for lunch for two hours and
we're paying the daily rate, that they were acting like
public servants, so there was a couple of occasions when
the security of documentation was a concern and I'm not
sure - was this the one - there was one also where an
Accenture person sent a matrix - found a matrix on the
network, and I'm not sure whether this is the same.

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No, I think it's different?---A different one?

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Mm.

MR FLANAGAN: Just keeping that in front of you, that's your best recollection, is it, in relation to that document? Can I ask you, then, to turn to exhibit 32?--- This one?

Yes, please?---Yes.

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If you'd turn to page 2 of that document?---Page - with the one that's noted page 2?

Yes, please, and it should be an email from Lochlan Bloomfield dated 3/8/2007?---Yes.

You can take it from me that it records an email that Mr Porter of Accenture wrote to another person, probably Mr Pedler of SAP, reporting on the meeting that he had with Mr Bradley and yourself on 2 August 2007?---Mm'hm.

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Have you been shown this document before?---Yes, a couple of days ago.

Yes. All right. Could you just familiarise yourself with it again. And if you turn to page 3, you'll see that Mr Bloomfield has sent it on to another IBM representative? ---Yes.

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Which says, "We can speak on Sunday about how we allow for this in our presentation." Given it's 3 August 2007, the presentation that's being referred to is that in response to the RFP. Yes?---Yes.

Now, does it concern you that an email containing that type of information which is a note of Accenture's meeting with the under-treasurer and yourself finds its way to IBM? ---Yes.

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Does it concern you that IBM, or at least on person from IBM contemplates seeing how that information could be used in their presentation for the RFP?---Yes.

Can you then turn to page 4. Oh, sorry, before we leave that document, you'll see there that what is suggested is that someone who receives this email, and assume for the present purposes it's Mr Pedler from SAP, that they are going to seek to find out from you your appetite or the government's appetite for price. Yes?---Yes.

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Do you see - sorry, first of all, did anyone approach you - sorry, withdraw that. Did Mr Pedler approach you to try to find out your appetite for price?---I don't recall but I guess what I would have thought happened there was it wouldn't be as blatant as that. It might have been one of the competitors meeting with me as I met with all the - on a monthly bi-monthly basis with SAP, Logica and so forth, and I would have thought that maybe what this was suggesting, that they - when they had their regular meeting with me, they sounded me out around price is how I read that.

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But do you have a specific recollection of Mr Pedler saying to you, "By the way, have IBM met with the under-treasurer yet"?---No.

And you have a recollection of Mr Pedler raising with you how you thought the meeting with Accenture went on 2 August?---No, I don't have a specific recollection, but if he did meet with me during that time it could have been a conversation, "I hear IBM met," and I certainly wouldn't have given him any information about how the meeting went. I met with these people regularly whether we were in an ITO process or an RFO process, and I felt that I controlled the agenda in those meetings not them, and I was also aware that they were usually about them seeking intelligence about what was going on in government.

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Can I take you, then, to page 4? This is a person from IBM, "I'm emailing Mr Bloomfield and others at IBM which contain certain," it's called "CorpTech Update", but it contains certain information about the evaluation of the RFP proposals. You know, from your own memory, that Accenture did in fact score 76 out of 100, yes? You'll have to answer "yes", I'm sorry?---Sorry, yes.

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And do you recall that one of the weaknesses in the IBM bid was a perception that they wanted to offshore more than Accenture?---Yes.

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Have you see this email before?---Two days ago, yes.

It would seem to be information gleaned from the evaluation matrix or the evaluation of the RFP proposals of the four vendors. Yes?---Yes.

Thank you. Did you have any knowledge of this at the time apart from what's in Mr Burns' email that I've shown you? ---No.

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Thank you. And then - - -

COMMISSIONER: Sorry, Mr Flanagan. We've seen scoring matrix that puts IBM at 68 per cent and 70 per cent, the two no doubt are different in time. Can you recall seeing

one that had been 71?---No, I'm sorry, I was looking at them as being ballpark figures not absolute.

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The matrix we have certainly puts Accenture at 76 per cent, and there are two, as I say, one giving IBM 68, one giving it 70, but you can't recall seeing the other one?---No.

All right.

MR FLANAGAN: Finally, can I show you page 5, and I'll ask you to read the second paragraph of that email from a representative of IBM to Mr Bloomfield?---Yes.

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Now, this is all happening before an ITO was issued on 12 September 2007. Yes?---Yes.

In terms of the procurement policy of the state of Queensland, if it had been brought to your attention that IBM were in possession of an email from Mr Porter containing the fact that Accenture was proposing a do not exceed price and a six month transition, and also that you were informed that IBM were in possession of some intelligence as to the previous evaluation of the RFP, and if you were informed that persons had sought to access the proposals from the RFP on the G drive of CorpTech, what steps would you have taken in relation to the ITO?---In preparing for the ITO? If I had have been aware of these documents I would have immediately gone to the Treasury legal unit and sought advice about how we should deal with these going forward. I would imagine that one strategy might have been Mr Bradley and I calling them in, but I guess I would have looked - I would have been seeking legal advice on how we should progress with the ITO. I think there's a step before the ITO, how we would in fact deal with the providers, because I think there's also an issue, again, about contractors, this contractor here accessing or even searching the net for confidential documents. I guess in the IT industry one of my concerns was that our employees probably had more skilful ways of searching databases than perhaps the rest of us, so I would have been calling out regardless of the legal advice on dealing with that, I think dealing with the internal matters was something we needed to call out.

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Are the contents of the Cheryl Bennett's email of 22 August 2007 confidential CorpTech information?---Yes, it would. As it pertained to other vendors, yes, it would have been.

Should it have been shown to a tenderer in the RFP, or should that information have been available to a tenderer in the RFP process?---Their own information, not everybody else's, yes.

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Should it have been available to IBM, what their evaluation was?---Probably not giving them the exact numbers but telling them who came first and where they were placed in the matrix, yes. 1

Indeed, you wrote to them saying that the two best tenderers were, after the RFP process, Accenture and IBM, didn't you?---Yes.

If you viewed the information in the Cheryl Bennett email as constituting unauthorised access to the RFP evaluation matrix, apart from going to Mr Swinson or Queensland Treasury for legal advice what else would you have done or considered?---I would have called an investigation if I had have seen this of how she got that information, because it's obviously been passed on from somewhere in CorpTech. I may have got audit involved to conduct an investigation, and, again, I would have - for these sorts of things getting advice even in terms of CMC and, you know, what escalation procedures we need to put in place, but certainly getting some sort of forensic audit done of access. 10 20

In what circumstances would you exclude a potential vendor from an ITO process?---This sort of - but I guess the question in mind my is whether the fact that it happened outside of the ITO process when we hadn't actually entered into a formal tender process is the question that I would need to seek advice on. 30

In terms of an overall procurement process, even though the ITO wasn't issued until 12 September, we are dealing with specific vendors are we not?---Yes.

Who have been service providers to CorpTech for some years. Yes?---Yes.

In terms of that type of information that you've read, which is the collation of those four emails, if that information had been brought to your attention at the time and viewed in, can I say, the worst light vis-à-vis IBM, would you have given consideration to excluding IBM from the ITO process?---It would have been a point of consideration, yes. Similarly, the earlier email, if I may, Accenture were up to no good as well and I think there's a broader issue there about what was going on certainly within the IBM ranks, but I think the Accenture questions needed to be addressed as well. 40

And those questions were addressed by you ultimately? ---Well, I didn't know they were going on. The points that came to my attention through the one from the other - here, this one - that certainly - six years ago, I can't say 100 per cent, but it would be very unusual for me not to have actioned those emails, those letters to the four vendors. 50

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Sorry, could you just identify what document you're referring to?---Sorry, it's the email from - that was the one that was brought to my attention, the email from Terry Burns to me of 31 August.

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Why do you say "Accenture is up to no good because of that email"?---No, sorry, and that comment was in relation to the - - -

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COMMISSIONER: Before the Pedler email.

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MR FLANAGAN: Before the Pedler email. Thank you?---Yes.

And when you say "up to no good", you mean in terms of seeking to have another entity involved in the process; that is, Mr Pedler of SAP sounding you out, not on behalf of Accenture but on behalf of SAP, finding whether IBM had been before the under-treasurer, finding out whether or not for their purposes your appetite to price?---Yes, and if it was Mr Pedler, there is also, I read into that as well, collusion between SAP and Accenture.

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Can you explain that, please?---Well, the fact that Mr Porter asked another supplier to sound me out and they obviously then would have - the next step is they shared the information, that I guess I view that as a serious issue as well.

What would you have done about that issue?---Well, again, that would have been - that whole - if I had have seen those emails, that would have been one of the questions they would have been asking me, the legal area for advice.

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Thank you?---And I believe that these issues, if we had have known about them, should have been addressed directly with the providers.

Now, given the information contained in the Porter/Pedler email, would you have given consideration to excluding Accenture from the ITO?---Yes.

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Right. So one mightn't end up with many bidders to this ITO?---No-one.

COMMISSIONER: Mr Bond might have had a win.

MR FLANAGAN: Yes. What about: would you also have excluded SAP from the ITO given that the collusion - - -? ---Yes.

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- - - would have been between Mr Pedler?---Yes.

This is all assuming, of course - - -?---Yeah.

- - - Mr Pedler received this email and Mr Pedler is the person referred to?---Yes.

All right. Thank you. Now, can I take you from there to the ITO itself. I'm sorry, I'm not going to fit - - -

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COMMISSIONER: No, I understand that. No, these are important points.

MR FLANAGAN: May I take you to the ITO itself, then? Ms Perrott, after the RFP process and before the ITO was

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entered into or issued on 12 September 2007, did you speak to Mr Burns about the result of the ITO?---Prior to the ITO being issued?

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Yes?---About what I expected the result to be, is that - - -

No?---No.

Did you talk to him about the result of the RFP of the RFP process?---Well, there would have been discussions because I guess that was part of the discussions about whether we could move to contracting with one of the provides, so what was happening at that time was that the senior management team was almost like a steering committee, so that would have been a topic that we would have discussed the outcomes of the RFP process and what are the next steps, and it would have been that team along with the Terry Burns team that we would have then designed the ITO process.

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All right. We know from the scoring of the evaluation that Accenture were at 76 per cent and that IBM were at 68 per cent?---Yes.

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After the end of that process, did Mr Burns express to you what his preference was in terms of a potential vender given that he was contemplating or hoping to negotiate contracts?---I don't believe so, no. And even if he had a preference, I don't know that it mattered to me that he had a preference because I believed we needed to go to a fair process, an ITO process which would have sifted out the best decision on the way going forward.

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Thank you. Now, did you have any knowledge that IBM's price or indicative pricing for the RFP included approximately \$25 million for travel and expenses?---I don't recall that. I may have but I don't recall that I've read it recently.

All right. Thank you. Now, the push to the ITO came, in effect, from the Treasury legal unit. Is that a fair statement?---Yes.

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Thank you. And the push from the legal - Treasury legal unit said that any bids for an ITO process needed to be competitive. Yes?---Yes.

Was there any suggestion that the procurement was to be on any other basis?---Well, as I said earlier, we have explored with Mr Swinson the possibility of a direct - the direct approach with Accenture. I didn't believe that - as I said earlier, I didn't believe that was the best way to go and I don't think that the advice we got from Mr Swinson - I think Mr Swinson's advice was, as well as discussions with the under-treasurer, that we should enter into a formal process.

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And was the advice to the effect that you could do it but it was advisable not to do it?---Yes. 1

Thank you. Can I just ask you some questions about probity then. According to the evaluation report, which you've read, it says there were two probity advisors, Mr Stone and Mr Swinson, how did both those persons come to be identified as the probity advisors on the ITO process?---We had been using Mr Swinson right from the beginning of the RFI process and so he also was - Mallesons also was provided the main legal advice to Treasury apart from their own legal unit, so if they sought outside advice, they would go to Mallesons. So I was aware at the time - Mr Bradley said to me at the beginning of the process to go to Mallesons and seek Mr Swinson's advice, so he was an obvious person to be on there as well as, from memory, Mr Stone worked for Keith Millman, I think, as the Treasury - a Treasury rep on there as well. 10

Is this a convenient time, Mr Commissioner? 20

COMMISSIONER: Yes. We'll adjourn until 10.00 tomorrow. Can you give me some indication: how long do you think Mr Bradley's evidence might be?

MR FLANAGAN: Mr Bradley's evidence I thought would be around an hour and a half.

COMMISSIONER: Mr Doyle, how long do you think you'll be with - - - 30

MR DOYLE: With Mr Bradley, on the basis of my present understanding of his evidence, not very long at all. I'm sorry to say I think an hour or half or so with Ms Perrott.

COMMISSIONER: All right. Mr Kent, if you could tell us, too, how long you will be.

MR KENT: I will be very brief with Ms Perrott and Mr MacSporran I don't think will be very long with Mr Bradley. 40

COMMISSIONER: All right. Thank you. We'll adjourn until 10.00 tomorrow morning.

WITNESS WITHDREW

THE COMMISSION ADJOURNED AT 4.28 PM UNTIL TUESDAY, 16 APRIL 2013 50