THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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

IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 16/05/2013

Continued from 15/05/13

DAY 31

THE COMMISSION COMMENCED AT 10.07 AM

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COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you, commissioner.

Dr Mansfield, good morning?---Good morning.

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Manfield. Yesterday I was asking you a question about the dates which were set for go live and I'll put the question a little more broadly than I had yesterday. You know that there was an indicative or an actual go live date set in a statements of work number 8?---Yes.

And that that was revised from time to time under various change requests?---Yes.

That was, in part at least, that is the changing of those dates, due to the emergence over time of changes of requirements?---Yes.

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Each time there's a change of requirement that has flow-on effects, both as to what has to be built and to the testing of what has been built?---Yes.

Is that what you've described as the salami effect, if you like, providing pieces, a slice at a time, which has the effect of prolonging the project?---Yes.

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Had the pieces all been assembled at the start and provided, it would have been done, you think, more smoothly and more cost efficiently and quicker?---Yes.

Thank you. I think you said that in respect of the scope, if you like - I'm sorry, that a vendor will offer something which is a combination of the scope, the price and the time frame, identifying that there are risks both internal and external. Is that right?---Yes.

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Ignore for the moment, at least, the risks, the other three things represent a balance, that is the narrower the scope, one would think, all things being equal, the lower the price and the quicker the time frame; the greater the scope, the higher the price and the longer the time frame? ---Yes.

All right, thank you. Can I move from that to a different topic now and that concerns the identified in this case of the scope. I think we touched on this yesterday. Can I revisit the topic a little? Apart from the QHIC scope definition document, you know that there are higher level documents which describe technical function and so on? ---Yes.

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Is it right to say - - -   **1**

COMMISSIONER: I thought they were lower level documents.

MR DOYLE: I'm sorry, you're quite right. They are lower
- that is levels 2 to 5 describe more refined or more
detailed

documentation of the scope?---I thought you were referring
to the blueprints or some higher level document, but, yes,   **10**
there were lower level documents as well.

There might be both then. There's higher level documents
and there's more detailed documents. Yes?---Yes.

Can we just focus on the more detailed ones. Should we
understand that you have reviewed those for the purposes of
your evidence?---What I've done is looked at - what I've
not done is any audit of the documents. What I've looked
there to see the style of document and looked to assure   **20**
myself that there was at the higher level an adequate
coverage of specification for the solution which was being
proposed.

All right. So what you've done is look really at the
titles of the documents and their apparent description
without looking at the detail of what they contain?---Yes,
that's right.

Thank you. I want to move really from the contractual   **30**
arrangements to what you've described, I think, as the
task, as you described it, of a prudent vendor really
outside the contract and you have given some evidence about
what you would say a prudent vendor should do, irrespective
of what the contract says?---Yes. I'm careful of using the
word "prudent" because it has specifically a meaning under
the question I was asked.

Let me withdraw that question and approach it slightly
differently. We can look at what the contract says the   **40**
parties' respective rights and obligations are?---Yes.

And the lawyers, with the aid of people who can tell us
about IT matters, can probably understand that. In that
context, one of the things I think you have identified as a
vendor's legitimate role is to defend the scope which is
defined in the contract?---Yes.

By that you mean you consistent with the balance between
scope, time and price to say, in effect, "I'll do that   **50**
scope for that price in that time, but if you want any more
it's got to be dealt with by variations"?---Yes.

Thank you. That can lead or an aspect of that can be that
you end up with the salami slice approach that you've
referred to because - - -?---Yes.

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- - - each time a new requirement is put forward, there's a consideration of it as a variation ultimately it's approved as a variation and work has to be replicated. Is that so? ---Yes.

I think you had in mind suggesting that there was some approach that should be taken really outside that regime to try to prevent the salami approach, the salami slice approach?---I did. There's a distinction between should and may and it depends - and I'm going into commercial territory. The parties have to determine what's in their best interests and so it's not for me to determine that. I'm happier with the word "may" rather than "should" inasmuch as should implies a mandatory obligation. This is discretionary. What I was describing as a discretionary process.

Thank you. That's in fact what I wanted to have clarified, but it's something that the parties can do, but ultimately it's a matter that is for their judgment at the time? ---Yes.

Would you accept that at least relevant to the approach that is taken is the attitude of the opposing party, in a sense? You can only step outside the contractual regime if someone is inviting you to or appears cooperative in that? ---Yes.

So if someone were - and I'll take the hypothetical saying that they're going to give you a breach notice because deliverables haven't been delivered on time or they're not going to approve something because the document is not in the right form, that is suggestive of someone who is seeking to have adherence to the contract?---I accept what you say. These things are indicators of a mind set. I'm not in a position to judge the warmth of the relationship, but the things you describe are indicators of, you know, a tension, shall we say, so those things, I agree, would need to be considered in any approach you would make towards the customer.

All right. Not using the word "should" then but using the word "may", a way to proceed would be really to try to go outside the people who have that mind set, probably to escalate the discussion with someone more senior in the opposing party organisation. Look, I won't mess around. One of the things that in fact you know happened here is that Mr Doak was brought into the project?---Yes.

You know Mr Doak?---Yes.

Do you know him?---No, I haven't met him.

Okay. But you know something of his experience?---I have. I've read his statement and I've listened to part of his testimony, so I have - that's my experience of him.

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I see. All right. You know him to be a man who project   **1**
manages multiple projects of very large size - - -?---Yes.

- - - as his daily business. One of the things you know he
sought to do was to have meetings with the DG of the
Department of Works?---Yes.

You've heard, I take it, Mr Grierson's evidence?---No, I
haven't. I've only read a small part of his testimony
because just through the limitations of time.   **10**

That's okay. Could I ask you this: if they met and if
there was in those meetings a collective view that really
something had to be done to stop the creep of scope, to
refreeze it, to lock it down, to finalise it, that's the
kind of checkpoint that you had in mind should occur to try
to prevent the salami slice approach to the progress of
this job?---Two parts: I think that Mr Doak's approach to
Mal Grierson, along those lines, would be a good thing to
do and to seek to, you know - I would regard that as part   **20**
of proactive account management, that is generally speaking
a good thing to do.

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By talking about a checkpoint, that's a more tangible thing, so I think that he's looking to use - I imagine he was looking to use his relationship or his discussions with Mal Grierson to make sure that the project stayed or kept to a - on to a better path, that would be my presumption, that would be a good thing to do. A checkpoint would then be - and an action that may have come out of that to say, "Let the whole team sit down and look at the situation of our common understanding requirements and what should we do from here," so that would be a checkpoint, an actual physical event that might occur out of such - might occur out of such a discussion.

All right. And have you - you've looked at change request 184?---I have.

You know it to have been the product of months of negotiation between the parties?---Yes.

And you know it to have been - the subject matters of it that have been negotiated and discussed over many meetings within those months. You know that, don't you?---Yes.

And at one level, at least, it is the kind of product of it, the implementation of a checkpoint approach that you are speaking of. So the kind of thing - - -?---It has attributes of that, it certainly does. I'm not aware of how much detail of that - I was quite aware that was a negotiation over a period of months leading up to June 2009. But it certainly has the attributes of a checkpoint.

Very good. Thank you.

COMMISSIONER: Does it miss some? Are there some attributes a checkpoint doesn't entail?---Yes, Mr Commissioner. You've picked up on my careful wording. What concerns me here is to say at some point, and I'm speaking hypothetically here, but somebody asked a question: do we, together, as a total theme, have a complete understanding of the requirements against delivery? If that happened, we would complete the - to me, it brings a sense of completion to the checkpoint. What my concern would be is to - is any - if there were subsequent change requests occurring afterwards, you would have to ask yourself - you're left with the position that maybe as a checkpoint it didn't cover all the bases.

MR DOYLE: Right?---So - - -

You can never know that, can you, Dr Manfield?---No, you can, but it's - I'm speaking hypothetically because I really don't know. I know there was subsequent - I believe, my understanding, there was subsequent change requests. That is not a sign of failure per se, but in the

end I can say it's really a matter of the mindset and what was the mindset of the parties when they sat down to have those discussions around change request 184. Was it to say: we've got all these change requests in front of us; how can we best gather them up and create a baseline to continue the project? If there's a second question, if that was asked as well, then I would say, "Yes, there is a checkpoint." Say, "Have we - are we confident we've actually covered on that basis and have discovered all of the requirements that are likely to be out there to enable us to have some confidence in stability going forward?"

Right. Now, ultimately, that last question requires the cooperation in the checkpoint process of Queensland Health - - -?---Yes.

- - - because I think you said yesterday one of the concerns was that you thought the customer never really understood the scope of what was being delivered?---Yes.

And the customer in that answer was Queensland Health? ---Yes.

But ultimately to know that the checkpoint has been successful required CorpTech and Queensland Health to be involved in saying, "This is it. This now is the thing which will define the scope without any more changes, unless something extraordinary happens"?---Yes, that is a very important point.

Thank you. Can I move to a different topic and that concerns user acceptance testing. You know there were several phases of user acceptance tests conducted?---Yes.

And some significant number of defects you identified were reported in each of those various phases?---Yes.

Defects can be identified because of a variety of causes unrelated to the functional performance of the system? ---Yes.

And they include, for example, the test script being wrong, the tester doing something wrong, a whole series of possible explanations which do not tell you anything of the functional performance of the system?---Yes.

They can also identify functional defects; that is, things wrong with the system. And they can also identify functional absences; that is, things which someone was expecting to be there which isn't there?---Yes.

All of those things are possible. And to understand which it is, you really need to look at the underlying detail of each of those defects and make some judgement about whether that's indicative of a test script error or a system error and so on?---Yes.

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Thank you. That the manner in which the user acceptance tests are conducted is to identify some criteria at the outset; that is, to identify the parameters of the test? ---Yes.

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To assist in doing that, one might use a requirements traceability matrix?---Yes.

And the advantage of doing so is that you're able to trace back to the various documents which will identify the particular requirement that the system is being designed to fulfill?---You're right. Simply to elucidate the time you're specifying requirement is the time you should be specifying test cases. So test cases are subject to the same traceability as the requirements and so that would give you confidence the tests are pertinent to the requirements being specified.

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Quite?---So I'd want - that should be done up front. I didn't mean - that should be a natural part of the testing process. It's certainly start of the definition of process testing.

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Right. Well, I'll put the question differently. It would change constantly as the requirements change?---Yes.

So that every change which - changes of function will also change the parameters of the testing under UAT?---It would change the specification of the test cases, so I would use more careful words. Every test case has parameters; it's more important to say that a set of test cases would change in accordance with the change request in as much as a change request involved change of scope.

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Right. So that one essential criteria, my word, would be to ensure that the test is conducted in a frozen environment, in a sense; that is, that the functional requirements of the system and the tests which are run to test the functional requirement haven't changed between the build of the function and the conduct of the UAT?---Yes, that is a key criterion that what you have is this clean slice through the process, so the requirements, the tests cases are all - are lined up, as you - which I think - as I understand what you're saying.

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This is your V in a sense?---It's a manifestation of that V, yes.

Yes. And if they're not lined up, you know as a fact there's going to be things showing up as defects at the testing - - -?---Yes.

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- - - because there is not alignment between the functional and the test. Yes?---Yes.

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Thank you. Now, ultimately though, whatever the position, there are some defects which are identified and a helpful way of proceeding is to identify the nature of the defect to see whether it's caused by a test error or an absence of some function, or some system error. Yes?---Yes.

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And it is not the function of UAT test reporting to do that, to conduct the analysis of the nature of the defect rather than its existence?---That's right. The testing has clear boundaries. If they have - they have a role in - well, that's right, it's not their job to analyse. They're not the authority on scope, the way I would summarise.

What they do is say, "We've done what we've been asked to do, identify that there is a disparity between the results we're expecting and the results we got," for whatever reason. Yes?---Yes.

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And leave it to someone else to consider what's to be done about it, if anything, and just how significant those disparities are?---Yes.

Good. Thank you. Can I move then, I think, to one more topic? I won't do that. Excuse me. Have you yourself reviewed the particular tests that were conducted, that is the UAT tests, or the systems unit integration tests or any of the other tests?---No, I have not reviewed the tests or the test cases.

All right, thank you. Just excuse me please, Mr Commissioner.

COMMISSIONER: Yes.

MR DOYLE: Thank you.

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: Thank you.

Dr Manfield, yesterday when you were questioned by Mr Kent of counsel he asked you this question and I'm reading from transcript page 30-70, lines 1 to 10. He said:

> *I think you may have already agreed with Mr Horton about this, I just want to be sure, to be frank, even starting from the contract dated December 2007, it was really never realistic to suggest that the interim solution to go live as at the end of July 2008, was it?*

And you said, "I disagree with that." Is there any part of that answer you wish to qualify or to modify?---The only qualification I'd make would be with respect to the aspect of performance and I was concerned not to leave an impression where I thought the product would be in a state where it could never perform adequately. I believe that this type of solution, performance is invariably an issue, but generally it's an issue that can be managed. My position would be that it was quite likely there would be performance issues at go live time, particularly in terms of the earlier go live date, because as I say in my report that performance is generally something you work at to ensure the time - it gives you more likelihood there will be performance issues, but I'd qualify that by saying, generally, these performance issues can be resolved. I did not wish anybody to infer that I thought performance issues were unresolvable.

All right, thank you. In terms of the build solution for Workbrain, you were shown certain documents by Mr Doyle of counsel yesterday. Do you recall them?---Yes.

Did you look at those documents overnight?---I did.

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You have been provided - sorry, you had caused certain requests to be made to IBM in relation to those documents earlier?---Yes. According to the questions I was asked and knowing that one of the key risks from IBM's side was its capability with respect to delivering the Workbrain solution, I looked carefully at all factors that may bring a bearing on that question. As a result, I made request 16 to items 2 and 3 to explicitly look at the manpower that was brought to bear on to the Workbrain solution; and secondly, the evidence of design documentation pertaining to the development of the solution. These, to me, were key indicators to allow me to address the question around delivery of the solution. In response to that, to jump ahead, the sort of information that I was provided yesterday is the sort of information I was looking for and would have been extremely valuable. Having seen that information, it certainly has an impact on the position I would take with respect to valuation of IBM's delivery of the solution.

In relation to exhibit 128 which constituted a number of documents, it also had a list of subcontractors for CorpTech. Yes?---Yes.

Which included certain Infor personnel. Yes?---Yes.

It also included a document which identified program milestones. Yes?---Yes.

First of all dealing with the document that identified a list of subcontractors, one of your comments in your report is in relation to a failure on the part of IBM to provide sufficient Infor expertise for the Workbrain build solution at an earlier time. Yes?---Not quite. The comment was more that there was - my comment was about the sufficiency of the resources to produce the result, including Infor and whatever internal resources were brought to bear. My position being I didn't know what internal resources had been brought to bear and this is why the material provided yesterday was enlightening. I have drawn conclusions from that material.

From the material that you were shown in terms of exhibit 128, can you discern the Infor personnel that were working on the QHIC project, that is the Workbrain solution, the QHIC project, as opposed to the Infor resources that were being assigned to the whole of government solution across Queensland Health?---No, it doesn't help me differentiate those resources. What I would say is that inasmuch as the - I've looked at the number of the resources and, in particular, if I look at the resources which had longevity in the project, because you always have people who come in for short periods of time and when I looked at the resources which had longevity in the project, it would be a number which is consistent

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with my understanding as being sufficient to deliver the
solution. So inasmuch as those resources were applied to
this project then I would be quite comfortable that
sufficient resources had been applied so in terms of - - -

Sorry. When you say "the project" there, are you referring
to the QHIC project or are you referring to the project or
the program under the 5 December contract?---Thank you.
I'm referring to the QHIC project.

Thank you.

COMMISSIONER: On that basis, are you assuming that all
the people identified under Infor as CorpTech
subcontractors were engaged on the QHIC project?---That
would be correct. Inasmuch as those resources were applied
to the QHIC project, I would be confident that would be a
sufficient number. I would also point out that there was
another company involved.

MR FLANAGAN: Thinkstorm?---Thinkstorm, yes. I understand
that Thinkstorm were also relevant to delivery of the
Workbrain - definition delivery of the Workbrain solution,
so I am looking at both the Thinkstorm and the Infor
resources.

All right. Can I ask you this specific question then:
your initial comment in your report was based on the
documents that had been provided to you at the time for
your conclusion that insufficient resources had been
assigned at an earlier stage from Infor to the Workbrain
build solution?---Yes.

Correct? From the documents that were shown to you
yesterday by Mr Doyle constituting exhibit 128, from those
documents alone are you able to determine whether your view
of the resources that were given to the work solution
build, the QHIC project, were different to those that you
identified in your report?---On that information alone, no,
I cannot determine that because it depends upon the
application of those resources to the QHIC project.

Now, similarly, in relation to the second sheet of
exhibit 128, which would suggest, would it not, that the
Workbrain solution had, in effect, been built by September
2008. Yes? Do you need to look at the document again?
---I'm familiar with the document.

Yes?---In my assessment, I was looking at the design
documentation that was provided to me initially in response
to request 19, which was similar to request 16 but - - -

Can we just be clear. That was the request to the state of
Queensland?---The state of Queensland.

In response to that request you were able to examine documents in relation to the Workbrain build solution. Yes?---I did.

Is there an inconsistency in your own mind between what is shown - and if there is, identify it and explain it between that part of exhibit 128 and the documents you examined for the purposes of compiling your report?---Yes, there is a discrepancy. The documents I saw, which seemed to be the same documents as presented to me in the spreadsheet I received yesterday. The documents I saw formed an important part of my report, the point in my report about the "too little too late" because the documents I saw had the date range July to October, as I wrote in my report.

The information I received yesterday, without doing a
detailed audit, seems to cover the same design material.
The dates, however, are consistent with the project plan
at the time, so the date – what I see in the information
provided yesterday was a – what I believe is a similar or
the same set of design documents but with delivery dates
consistent with the schedule and from – I accept what is
there, also accepted so this is – I cannot explain the
difference between the two sets of documents but I accept
that if those design documents were available in the
time frames indicated in the spreadsheet yesterday, that
is in the end proof of the pudding, that the project was
being not diligently but properly delivered, so it really
is a key point, so this new information is quite – is
critical in determining that, you know, that conclusion.

And in the time that you have had, have you been able to
reach a conclusion in relation to it?---Well, based on what
I'm seeing there, because of the importance of the timely
design deliverables in terms of forming my conclusion, I
would say regardless of – to break down my comment, "Too
little too late," and even ignoring the qualification on
the application of resources, in the end, if you produce
the result in the right time frame then I would not say
"too little too late."

THE COMMISSIONER: No, but does it come down to this; that
your original opinion depends upon whether the view of the
world expressed in yesterday's documents or the ones that
you saw you earlier is correct?---This is quite correct,
yes.

I think that's a fair note to leave this topic. I'm not
saying you shouldn't ask more questions - - -

MR FLANAGAN: That was my last question.

THE COMMISSIONER: It seems to sum up this whole project.

MR FLANAGAN: Yes, that's exactly right; exactly.

In that regard may Dr Manfield be excused, Mr Commissioner?

THE COMMISSIONER: Dr Manfield, yes of course. We are
grateful for your assistance; you're free to go.
Thank you?---Thank you.

WITNESS WITHDREW

MR FLANAGAN: I call Malcolm Philip John Thatcher.

THATCHER, MALCOLM PHILIP JOHN sworn: 1

THE COMMISSIONER: Yes, Mr Flanagan?

MR FLANAGAN: Thank you.

Is your full name Malcolm Philip John Thatcher?---Yes, it
is.

Mr Thatcher, are you the chief information officer   10
executive director information and infrastructure of the
Mater Hospital in Brisbane?---That is correct.

Mr Thatcher, have you supplied to the inquiry a witness
statement, dated 29 April 2013?---That is correct.

Thank you. Would you look at this, please. Is that your
statement, Mr Thatcher?---That is my statement.

Good.   20

I tender that statement, Mr Commissioner.

THE COMMISSIONER: Yes. Mr Thatcher's statement, exhibit
129.

ADMITTED AND MARKED: "EXHIBIT 129"

MR FLANAGAN: In or about February 2013, did you in
consultation with a Dr John O'Donnell, the chief executive 30
of the Mater Hospital, provide or compile a submission to
this inquiry?---I did.

And that submission is dated 7 February 2013?---That is
correct.

That was a submission that was unsolicited from the
inquiry?---That is correct.

What was the purpose in providing that submission to the   40
inquiry?---The Mater wanted to bring to the attention of
the commission of inquiry the fact that we challenged
essentially some of the assumptions that were in the KPMG
report about the unique complexity of the payroll and
rostering implementation within Queensland Health for Mater
had successfully implemented similarly complex solution
within our own environment and we thought that in terms of
a future state or a potential - or a solution that would
benefit the state of Queensland, that it was our duty to
bring that to the attention of the Commissioner.   50

Now, in terms of the complexity of Queensland Health, it's
often been said they have 78,000 employees at the time,
they had a permutation and combinations of awards that

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would lead to a figure of around 24,000 and it was always
identified as a high risk agency for the purposes of the
roll-out of a payroll solution. Yes?---Correct.

Now, it's that complexity that has been suggested as
leading to some of the difficulties that were encountered
by Queensland Health and CorpTech in this particular QHIC
project. Yes?---Yes.

You have had experience with a new payroll system at the
Mater. Yes?---That is correct.

Can you explain first of all what software you used for
that purpose?---Yes. If I could take us back through
a short chronology. So Mater made a decision back in
2007 that we needed to replace our HR systems and by HR
systems, I refer to not just a rostering or payroll system,
but a full suite of HR solutions. When we investigated
the solutions in the market and looked at the complexity
of what we were undertaking, and if I could just,

Commissioner, refer to the equivalent complexity, so
whilst Mater has only around seven and a half thousand
staff, so roughly one tenth of the number that
Queensland Health deal with, in terms of those payroll
or those pay combinations or those pay rule combinations,
we deal with around 22,000 as compared to the 24,000 of
Queensland Health. We deal with a similar number of awards
in that we have both industrial environment for which we
mimic the Queensland Health awards as well as having
private awards, so we made the very conscious decision that

we would implement rostering first, and then we would
implement the payroll and then we would supplement with
additional HR systems, so that journey commenced in 2007.
We made the choice to go with the Kronos rostering
solution. We did narrow through our selection process and
tender process – we did narrow the selection down to two
potential vendors; one being Workbrain and the other being
Kronos. It was our decision to go with Kronos on the basis
that at that time, it was the only solution capable of
dealing with the complex award interpretations that Mater

was required to process.

MR FLANAGAN: Can I just stop you there; in terms of
selecting the software for the rostering, that software of
course included awards interpretation?---Correct.

And included the same type of awards interpretation that
one would have in Queensland Health because of the nature
of the operation of the Mater Hospital and its other
businesses?---Very similar, yes.

All right. Now, in this particular case that we're
concerned with here, the state government had identified
the software that was to be used - or the solution that was
to be used – for the whole of government solution which
included SAP and Workbrain, and there is some concern in

relation to this particular inquiry as to whether Workbrain
was able to deliver the functionality that had been
suggested. How did you, at the Mater Hospital, determine
what software to use in terms of Kronos as opposed to
Workbrain?---So we went through essentially a multi-stage
process of determining that, so first was obviously to
establish our requirements as an organization, then go
through a tender process but in that tender process, we
actually provided to the respondents a set of scenarios
that we required them to actually demonstrate in their
software, so they had to effectively be able to not just
say in paper that their software was capable of handling
some of the more complex award interpretations but we had
them actually build those scenarios in their software and
prove to the selection panel that their software was
capable.

So there was actually a physical demonstration to solve
particularly complex award interpretations using Workbrain
and Kronos?---That is correct.

THE COMMISSIONER: When was that done? What year?---So
that would have been undertaken back in 200, early 2008.

MR FLANAGAN: And this is something that you require them
to do prior to ever contracting with them or prior to
determining which software would be accepted?---That is
correct, and it was at their expense that they did that.

Now, for that purpose, did you also need to have regard to
reference sites; that is, sites that Workbrain or Chronos
were putting to you as to where their product was
operating, in Australia or elsewhere, as awards
interpreters?---Yes, that is correct, that is part of our
normal due diligence that we would request reference sites
and that we would actually pursue those reference sites.
What we had found in regards to Workbrain was that there
was not a health reference site in Australia for Workbrain.
We were only able to be provided with overseas reference
sites.

All right. But in terms of the risk in identifying the
appropriate software for the Mater Hospital, was that
lessened, if you like, by expecting and having practical
demonstrations by both Workbrain and Chronos in relation to
actual complex award interpretations in the workplace?
---That is correct, and it was that actual process that we
went through that identified that Workbrain was not capable
of handling more complex award interpretations at that
time.

Now, can I take you to paragraph 4 of your statement,
please, Mr Thatcher?---Yes.

In paragraph 4, you use the word or the term "target
state". Do you see that?---Yes.

And one thing that you identify as a problem with the
Queensland Health solution here very much from the
government side rather than from IBM side, but from the
government side you say that there's not a target state.
Yes?---Correct.

Can you explain, first of all, is target state different to
scope?---Yes, it is.

Yes. Can you explain how it is different to scope?
---Commissioner, so target state is the - I guess, the set
of objectives that an organisation sets itself in terms of
the outcomes that we seek to achieve and in Mater
establishing its requirements not only - so software
development, particularly in complex environments, is much
more about the business process changes that an
organisation seeks to achieve to gain maximum value from
that investment. For Mater, we understood, that
particularly in terms of rostering, it was very important
for us to shift accountability of an accurate roster and a
transparently costed roster to work in managers, whether
they be nursing unit managers or medical officer managers,
or administrative managers. So the target state was very

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much around looking at what was the ideal environment under which the Mater would operate to make sure that we had an efficient and efficiently costed workforce, and what we were able to achieve post go live of the rostering solution before payroll was that we saw a reduction in the total cost of labour as a result of managers being able to transparently see the cost of the roster when they rostered so that penalties, for example, that would result from fatigue allowances by having longer shifts or back to back shifts, that was immediately transparent. So that target state was much about the behaviour that we wanted the organisation to exhibit as it was the function of the software.

COMMISSIONER: You said earlier, I think, to Mr Flanagan that before you went and asked for tenders, you ascertained your business - your requirements, the word used was requirements. To what level of detail did you ascertain and define your business requirements before going to tender?---So both for the rostering and the payroll, which were two separate projects, both having their own separate requirements, are very detailed in terms of providing vendors with a functional specification, if you like, to which they can respond whether their software was able to perform that function and provided some commentary around it. They were very detailled documents in terms of all the functions that the Mater expected out of those solutions.

How much time and effort was involved in gauging those requirements?---In terms of the rostering project, that was around about a nine month process. For the payroll system, that was around about a six month process, but then beyond that requirement - - -

Did they run concurrently or one after the other?---One after the other, yes. It was our understanding or our belief that to try and do rostering and payroll together as a single project was too high of a risk simply because of the - it's very difficult to do parallel runs of an award interpretation when you have nothing to compare that parallel run to because you're moving straight to a live environment of a new payroll. So post the requirements gathering, once, obviously, we've been through the tender process and selection, we then have very detailed implementation planning studies, as we refer to them, so doing the planning for the implementation before going live, which involved the vendors. In the case of rostering, that was about a 12 month - sorry, that was about a six month process. In the case of payroll, that was actually a 12 month process of just planning for the implementation before the project commenced in terms of - - -

MR FLANAGAN: Can we just understand that. When you say "planning", does that mean there was simply no building going on - - -?---Correct.

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- - - in terms of programming going on until this was all
laid to rest?---Correct, and that is because in
implementing complex enterprise solutions, as I have
mentioned before, and as it is as much about the
organisational change and adoption that you need to go
through, so it's understanding all the stakeholders that
are going to be impacted and making sure that we plan for
their engagement, we plan for the implementation of the
solution.

You are, of course, a private enterprise?---Correct.

Even though you deal with similar awards to
Queensland Health, Queensland Health, of course, is a
public sector organisation and agency. Yes?---Correct.

What differences do you draw between the private sector and
the public sector in terms of an ability to target state,
for example?---I wouldn't presume, commissioner, to
understand the processes that the state would go through in
terms of determining a risk profile for their projects or
their governance, or their approach to project management
and implementation, but certainly for the Mater as a
private organisation, which is a not for profit
organisation, we very much are conscious of the risk to the
sustainability of our organisation through our investments
and therefore we take a risk managed approach, which we
think is a prudent approach, but I would say that we have
an appetite for risk, and if I was to make any presumption
about where there would be a difference between how the
state may implement a solution versus how Mater might
implement, perhaps our appetite for risk was higher with an
ability to manage that risk as opposed to what might be a
state approach, which is to be, perhaps, more risk verse.
In my submission, commissioner, I did allude to the fact
that in terms of - and I believe the previous witness in
his statement talked to - there are three factors to
consider in any large project and those factors are around
time, quality and cost. Mater's view has always been that
the quality of the solution is the number 1 overriding
factor. When we went live with our payroll solution, and
I'm happy to submit this as further evidence, I have a
sample of the go live readiness assessments that we did.
So in go live of our payroll, we undertook to do what we
called a dress rehearsal of a parallel run before we
actually did the parallel run. So we did four parallel
runs and through that process of parallel runs we had a
very detailed report which identified all and any
inconsistencies in terms of what the new payroll system
produced as an end result compared to the existing payroll
system, but in addition to that we had a traffic light
readiness assessment, and I liken it to a pilot when
they're taking off in that they have a very detailed
check list, and unless those green lights are on all those
check list items, then they don't take off. Well, we had a

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very similar approach in terms of our organisational
readiness to go live with the solution which was as much
around the accuracy of the parallel runs but also about
the organisational readiness in terms of our technical
competency, our staff readiness to adopt this solution,
our payroll staff's readiness to support the solution. So
I think my understanding, commissioner, in terms of where
there might be a difference is that I think we were much
better prepared in terms of our go live approach to the
payroll system.

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COMMISSIONER: Just go back to the question at the start of this and if you could, for my benefit, briefly summarise the difference between scope and target state?---Yes. So scope would define the - - -

I think I understand scope. How does target state differ? ---Coming back to what I said before, commissioner, is that target state is very much about what's the outcome that the organisation is trying to achieve, whereas scope tends to talk more to what components are going to be addressed.

All right, thank you. Tell me this, if you would, seeing as though I'm taking over the questioning. Sorry, Mr Flanagan. Can you explain to me in a little more detail the risks you saw in implementing rostering and payroll at the same time and how you avoided that risk and what you did?---Yes. So, commissioner, I think I alluded to that in one of my earlier responses. To go live with a - so the rostering system is, effectively, what determines - is the information that's generated that determines what you're going to pay them for. The payroll system processes that and obviously makes the payments. To go live with both those two new systems at the same time means that you have no point of reference to compare whether you're actually generating an accurate payroll. So with our existing payroll system, the primary system that we chose to undertake a new payroll system was that our old award interpreter was unsupported and failing to deal with what is a constantly changing industrial environment. So were we to go live with both, to do a parallel run, there's nothing to actually compare.

I understand that. The error might lie in rostering or in pay. You couldn't tell what it was?---You couldn't tell.

Yes, I follow. Thank you. One last question. What was it about Workbrain's award interpretation that you thought made it less - not as acceptable as Chronos? ---Commissioner, I can't recall the specifics of the scenarios under which we asked the vendors to prove their software, but there were some elements of those scenarios that Workbrain were unable to effectively implement within their software and demonstrate to us.

Thank you.

MR FLANAGAN: Thank you.

Your project for both rostering and payroll took approximately four years?---Correct. A little bit - probably a little bit over four years. We started in 2007 and we went live with payroll in July 2012.

At a price of approximately $9.1 million?---That is correct.

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In relation to Queensland Health, the Mater Hospital is suggesting in terms of a payroll rostering system that it could be rolled out in approximately three years?---That is correct.

At a price of $172 million?---Correct.

If I can take you to page 4 of your submission you say - this is the second paragraph at page 4 of the submission:

This project will take approximately three years to complete based on full cooperation from Queensland Health.

Do you see those words?---Yes, I do.

Can I ask you, Mr Thatcher, what's involved in that assumption?---So full cooperation I guess in relation to the statement that's provided would require Queensland Health to essentially hand over responsibility for the implementation to the Mater. If I can take you through perhaps a chronology of some of the, I guess, submissions that we've made to Queensland Health, so since March 2010 when the payroll system went live, we had made representations through the office of the chief information officer of Queensland Health that Mater was well on the path of this journey and that we felt that we could be of assistance. That offer of assistance was not followed through by Queensland Health until such time as we made a submission to the minister for health in May 2012, after which officers of the Department of Health made contact with the Mater to seek further information. So the initial approach by Queensland Health in terms of those officers, after we'd made the submission to the minister, was that they would like to send in a team to trawl through our documentation and use that as learnings for how they might be able to progress a solution beyond what had obviously been recommended in the KPMG report and Ernst and Young reports. Our view was one of caution in that because we don't believe that the state had, through Queensland Health, identified a target state so what outcome they wanted from a new payroll and rostering solution - and that includes detailed requirements not being defined - that our concern was that if we handed over that intellectual property, which we were quite happy to do, that that wouldn't actually result in the right outcome for the state of Queensland. That's on the basis that our primary objective was to change behaviour of our managers in the way in which they rostered staff and we needed to provide the right tools. We obviously needed an accurate payroll system that would pay people accurately, an accurate award interpretation, but they're just the tools. The key issue was really about that behaviour that we wanted within our managers so that they were accountable for the cost of their labour. Our concern in just handing

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over that intellectual property was that they would still not define that target state. So coming back to my statement about full cooperation, it was really that they needed to trust the Mater that we would help them to determine that target state and use our expertise in terms of our ability to execute complex projects to help them arrive at that target state.

Thank you. We've heard some evidence here that there are around 500 people or 550 people who were supporting the LATTICE system in terms of payroll and working in payroll at Queensland Health prior to this new solution. Initially, after this new solution further staff had to be put on and it went to a figure of approximately 1100 people working at Queensland Health payroll. In terms of the Mater Hospital with your new payroll system which deals or caters for 7500 employees with approximately 22,000 award combinations and permutations, how many payroll staff do you have?---The Mater has seven payroll staff.

Seven?---Seven.

All right. Just a general ratio, that's one to 1000?---One to 1000.

Allowing for the difference between the public sector and the private sector, what sort of ratio would you expect in terms of payroll staff for 78,000 employees?---I would think, given that there are differences, particularly with the geographic spread of employees - I think that Queensland Health could aspire towards a ratio somewhere around one as to 500, I think would be a reasonable target.

All right, thank you. In terms of your project, it took approximately four-and-a-bit years to complete for doing rostering first and then payroll. Did you have an independent third party who took an overarching audit view of the project?---Yes. Our internal audit function is contracted with Ernst and Young.

Can you tell us first of all why you did that and how effective it was in terms of keeping your project on foot? ---As we do, not just with payroll projects or HR system projects with most of our, I guess, higher risk, if you like, commissioner, projects, we seek to involve a third set of eyes in terms of the due diligence and the process that we follow and it is our normal course of action to engage with our internal audit, which is externally resourced, to make sure that they have that oversight and primarily looking at risk management through the project, but also making sure that that due diligence that we aspire to is being followed.

All right, thank you. Would you just excuse me?

COMMISSIONER: Yes.

Mr Thatcher, would your organisation have in its records somewhere a technical analysis of that comparison between Chronos and Workbrain when both companies or both providers demonstrated the award interpretation function?---I would expect we would have, commissioner. Yes.

Can you find that for me?---Yes, I will take that on notice.

Do you mind producing it to the commission?---I'm happy to do that.

Thank you.

MR FLANAGAN: May I take you to page 1 of your submission. **1**
The second dot point on the page where you say:

> *To indicate that the choice of software is less*
> *important than the design and implementation of*
> *efficient business processes in rostering and*
> *payroll.*

Can you explain what you mean by that? First of all,
explain and expand, if you would?---Yes, certainly. So I   **10**
think I mentioned in my earlier comments that large,
complex IT implementations are very much around the change
management projects, if you like. IT today is much more of
a tool than it is, and having been in IT now for over
30 years and recalling back to my early days of electronic
data processing, as we called it, was very much around
number crunching, today it's all about people, and it was
our very that in choosing a solution, whilst it had to
comply with our functional requirements, which, as I
mentioned, were very detailed in their documentation,   **20**
there are a number of factors that we look at in choosing
a vendor: I guess their competency in similar projects,
their ability to partner with organisations to achieve the
target state that I referred to, which are those outcomes,
so not just implement their software but also to work with
the organisations to achieve those target states is
important. Obviously we go through normal due diligence
process around their longevity, their position in the
market, their sustainability, et cetera. So came back to
your original question, it's very much around making sure   **30**
that the solution is fit for purpose, not just on a
technical aspect, but how does it fit within the culture of
the organisation, and for larger projects this tends to be
the approach we take. Just looking only at the functional
requirements, the software's ability to meet those
functional requirements doesn't necessarily give you the
full picture.

Thank you. And finally, if I can take you to page 5 of
your submission. In the first paragraph, you make this   **40**
observation, it says:

> *To fully support the complex business requirements*
> *and business rules in a similar environment to the*
> *Queensland Health operating environment.*

Now, is that suggesting there that the environment for the
Mater Hospital and its enterprises is a similar environment
to that of Queensland Health?---We believe that it is
similar in terms of its award complexity. We often think   **50**
of ourselves in terms of our delivery of public patient
services which is under a grant arrangement as being very
similar to a hospital and health service under the new
structure, so we have very similar, I guess, complexities

around the delivery of health services in terms of those
public patients, so we have a complex case mix, we have a
large number of out-patient services, approaching 300,000.
Of those, we have a large number of emergency department
attendances, approaching 100,000 of those. So we think
that in many ways we are similar in terms of the challenges
we face to deliver efficient, high quality, safe healthcare
services to public patients and because of what has been a
longstanding agreement between the state of Queensland and
the Mater, we, up until very recently, have always tried to
mimic the work conditions that the state affords their
public health employees, so there is portability or
benefits so staff can move between the two organisations
relatively seamlessly and hence why we have the same
complexity of awards that Queensland Health face with the,
perhaps, added complexities around the private awards in
terms of our private hospitals. Probably the only
complexity that we don't face is the one around geography,
so we don't have these remote and rural services that
Queensland Health provide; although, we do provide tertiary
statewide services, particularly around pediatrics that do
outreach into remote rural areas, but we don't have the
same staffing issues and the same allowances that are
afford to staff who worked in those remote areas.

That's the evidence-in-chief for Mr Thatcher.

COMMISSIONER: Yes, thank you. Mr Kent?

MR KENT: Thank you, commissioner. Mr Thatcher, I think
you've already acknowledged Queensland Health was much
larger, correct - - -?---Correct.

- - - in terms of actual numerical comparison of staff
numbers, a bit more than 10 times bigger than the Mater?
---That's correct, yes.

In terms of the facilities or the major facilities that the
Mater has, are there two campuses in south-east Queensland?
---In terms of acute hospital facilities, there's there
South Brisbane campus and then one at Cleveland.

Yes?---Correct.

And you've already acknowledged a moment ago that there's a
vast difference in the geographical spread. You wouldn't
resist the idea that in terms of hospitals and healthcare
facilities, Queensland Health numbers in the hundreds
statewide?---Correct.

COMMISSIONER: Are you talking about buildings, are you?

MR KENT: Yes. And these buildings are staffed by staff,
presumably. In terms of the implementation of your
solution, you've told us already that it took more than

four years, might have been close to five years into it. **1**
Is that right?---For both projects?

Yes?---Yes.

In terms of the separate implementation of rostering and
payroll, do you have any particular familiarity with the
systems that were in place within Queensland Health as at,
say, 2007?---No, I'm not familiar with the LATTICE system
that was in place at that time. **10**

Well, you know about LATTICE generally?---Yes, generally.

And are you aware of a rostering tool called ESP?---No, I'm
not aware of that.

Depending on what solutions are implemented, if one is to
implement a rostering and a payroll solutions separately,
the two systems have to be able to interface?---Absolutely.
That is a critical requirement, correct. **20**

And you're not in a position to tell us whether ESP, for
example, could interface with SAP during separate
implementations of rostering and payroll?---Unfortunately,
I cannot answer that question.

If that was a real problem, it would be difficult to
separately implement solutions for payroll and rostering.
Correct?---You would have to have those interfaces
available, correct. **30**

All right. Now, am I right in saying you know a man called
Philip Hood?---Yes, I'm aware of Philip Hood.

Okay. And he's involved in the Queensland Health payroll
generally, if I use that - - -?---Yes, I understand
his - - -

- - - general term?--- - - - role was executive director of
payroll. **40**

And does the Mater have a person who has the job title
'executive director of people and learning'?---Correct.

Who's that man?---It's a female and it's Ms Caroline
Hudson.

In August last year, did Mr Hood have contact with you and
Ms Hudson about something that was being termed,
apparently, a discovery exercise?---That is correct. **50**

And is that what you were telling us about a minute ago
about you were happy to hand over your intellectual
property but you had concerns about not being productive
because of this target state idea?---Correct.

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Is that right? So for that reason, the Mater didn't go along with this discovery exercise idea?---What we attempted to do was put a forward a contract for lack of a better term, but a terms of engagement with the state of Queensland that would protect our interests both in terms of the use of that intellectual property – because had it been used incorrectly, then it would have been very easy for the users of that intellectual property to turn around and say that if it failed that it was as a result of that intellectual property so protecting Mater's interests in that regard, but also what I believe, protecting the interests of the state of Queensland in terms of ensuring that that intellectual property actually resulted in an appropriate outcome. Unfortunately the two parties were unable to agree to those terms of engagement which meant that that discovery process did not take place.

And by the terms of engagement, you are really talking about there was a proposed commercial arrangement about all of this?---Correct.

After that, did the Mater present a submission in November last year to the minister and to the director-general about a commercial pilot project of the rostering and payroll solution that the Mater had?---That is correct. It was a proposal to the minister.

Right. And that was the solution that was proposed to be a pilot at the Queensland Health Redlands Hospital facility?---That is correct.

The minister responded to that?---Only just recently had the minister formerly responded. We did meet with the minister after that submission - - -

Directly?--- - - - and certainly interest was shown on behalf of the office for the Minister for Health but shortly after those discussions, this commission on inquiry was announced and the government quite rightly felt it prudent to hold off on further discussions until the outcome of this commission.

Is it fair to say that any commercial engagement with the Mater along these lines on behalf of Queensland Health. Perhaps its obvious it would have to be considered in the context of a government's procurement policy?---That would be a reasonable expectation, yes.

Are you aware of Queensland Health having a single finance office?---Not aware of the specific structure, no.

Is it fair to say that the HR finance interface is a difficult area?---History has shown that to be true, yes.

All right. You're also aware, no doubt, that what has been implemented in Health as we speak is the SAP Workbrain solution provided by IBM. Correct?---Correct.

I presume you're aware of that?---Yes.

We're all very aware of it. That having been implemented some years ago on having undergone maintenance since then, I presume you consider it reasonable that that system as implemented is only some way into its expected life; in other words, it would be expected to do service for some years yet?---Ordinarily that would be the case. You would normally expect a between a seven and 12-year lifespan of an enterprise solution, yes.

So you're not really, as I understand it, advocating that Queensland Health change horses now at this stage, jump over to Kronos?---We are advocating that because it is our

view that the current solution doesn't actually deliver value to the state of Queensland in that they still have a very large number of payroll staff processing payroll.

Okay?---And that is mostly a manual process of payroll corrections. The issue is that - I think the primary issue is that the rostering solution that they have chosen in part is not fit for purpose in terms of its functional capability - - -

THE COMMISSIONER: Is that Workbrain?---This is Workbrain, yes, but more to the point has not been implemented - and I come back to the question which related to how we go about implementing solutions, not just choosing a solution based on its functional capability but its ability to allow the organisation to change its work practices, so they haven't taken the opportunity to use a rostering tool to change work practice and largely, my understanding and I may be incorrect here, but my understanding is that Workbrain is being used as a data capture tool, not as a rostering tool.

All right. Mr Kent, I'm not sure that it's right that Queensland Health has the same time frame that you have just put about the present system. It doesn't matter for present purposes but I'm sure that's an assumption that can be made. No doubt you have instructions.

MR KENT: I have instructions about it and by happy coincidence, the next witness is Mr Atzeni and he can give some evidence about it.

THE COMMISSIONER: Mm. I don't think it matters for my purpose but I had understood that there was if not - urgency is the wrong word but that the minds are being turned to a replacement for the present system.

MR KENT: There is no doubt about that, but how far over the horizon is probably - - -

THE COMMISSIONER: Well, as this commission has demonstrated, time passes without much happening - - -

MR KENT: That's right.

THE COMMISSIONER: - - - unless someone takes a firm grasp of things.

MR KENT: Quite so. And just on that point, Commissioner, I've just been discussing, I think they are saying in the submission which has been pointed to today that you consider a three-year implementation period for the system that you were suggesting would be feasible for Queensland Health?---We believe that is true on the basis that Mater has been through, I guess the design process so we're able to take over configuration of the tools but also

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the – that one-year planning that we did in terms of
implementing payroll, that piece of work is already done
so that time frame is on the basis of picking up the Mater
model and rolling out through the various HHSs.

What you mean by the Mater model is that Kronos – – -?
---Kronos and possibly the Orion payroll system which
is what we have implemented.

So what does Kronos do?---Kronos is the rostering tool.

Right. And your payroll tool is Orion?---Is Orion,
correct, which Queensland government has used previously.

Yes. Queensland Health has used previously. All right.
Are you saying that the three years is feasible in the
sense that if an arrangement could be struck, the knowledge
that the Mater has acquired through its process could
assist Queensland Health?---That is correct.

See, if it took your system in developing it I guess from
scratch is what you would say, between four and five years
to get up to speed, then with the size and geographical
spread of Queensland Health, could it not take more than
three years?---It is possible and I think that as I had
indicated in the submission, it would depend on the full
cooperation of Queensland Health for us to roll out the
program. We have done quite detailed scheduling around the
feasibility of this time frame and we believe it is
achievable.

You better tell me what you mean by the full cooperation of
Queensland Health?---So this is – came back to your
previous question, Commissioner, and that is that
Queensland Health would need to basically hand over the
management of this project to Mater.

You - well, maybe not you but your staff or your subject
matter experts I think they're called - - -?---Correct.

- - - would come in and just do all of this?---With
Queensland staff, with Queensland Health staff, that can't
be done in isolation of those staff but it would be under
our project governance and our project management approach,
that is correct.

All right?---If I could make one comment, Commissioner,
about this target state which I think is so fundamental
to hopefully what we will be the ultimate outcome of this
commission of inquiry, so there's two principles here
in regards to rostering. So one is that you have an
accurate payroll, clearly, and it is possible obviously
to get much better payroll staff to staff ratios and what
Queensland Health are currently experiencing, so that is
one outcome that the efficiency of implementing a payroll

system in terms of how many staff you need to do that could
save the state of Queensland significant money. There is a
second fundamental principle which I don't think has been
illuminated to the extent that it needs to, and that is
with an efficient or effective manager driven rostering
system, the cost of labour reduces and that is where the
real saving is. There's a saving to be had in payroll
staff and efficiency of processing payroll, but the big
opportunity in terms of opportunity for the state of
Queensland around the cost of labour is by having managers
effectively manage the people that report to them, that is
where there can be millions and millions of dollars of
saving. I'm not sure that that target state has been fully
explored by Queensland Health or other submissions to this
end.

Do you know yourself whether that functionality is available in Workbrain?---The ability to transparently see the cost of a roster is available in Workbrain.

Okay?---Provided it does the award interpretation correctly.

Yes?---That's a key enabler.

COMMISSIONER: Is it a big proviso?---It is. Yes. So if it calculates the pay incorrectly then you're not seeing - - -

I understand that. But when I said "big proviso" is Workbrain capable, does it ordinarily, reliably produce accurate award interpretations?---Under certain scenarios, yes. Obviously, it is fit for purpose for certain scenarios and I can only comment on the process that we went through with some of those more complex award scenarios. If I could give you an example where within the one pay period - all our pay periods are fortnightly, which I think is similar to Queensland Health - in one pay period a staff member can be working in one of our hospitals under one award and then work in the same pay period under another hospital under another award. My understanding, and it could be different now because it's, you know, five years on, Workbrain was unable to handle that particular scenario of having within the one pay period a staff member working across two different awards, whereas Chronos is able to handle that scenario and is a very complex scenario.

MR KENT: You're talking about something that's called Concurrent Employment?---Yes. Correct.

All right. Tell me this: these efficiencies that you're talking about, particularly with a relatively known number of payroll staff, does that turn on a solution that ends up being, to a large extent, self service?---There is a significant component of self service and with the Orion product and the Chronos product, so an example of self service in Chronos is that staff can apply for leave within that environment and the request is routed to their manager electronically, the manager then signs it off electronically. So there's no paperwork around leave applications, which I'm sure is the current case in Queensland - - -

What about input of rosters into the system?---Yes. The rosters are done in real time by managers or some areas within our organisation have elected to have roster staff do that on behalf of managers, particularly in some of the larger nursing areas, but it is still very much a manager's function and it is on the basis of having roster patterns. So as an organisation - and this is part of our

intellectual property - we came up with what would be the normal roster patterns that staff under different awards would work, so whether that be a four-week pattern, a six-week, eight-week, three-month pattern and that makes it very efficient then to simply slot staff into those patterns.

Yes. So what you're saying is when the solution is fully implemented, some of the work that might otherwise be done by payroll clerks is disbursed out to perhaps managers and perhaps sometimes staff themselves?---Yes. As long as you understand the difference between a payroll clerk who might do rostering, which is unlikely, versus a payroll clerk who is actually making sure that the pay is accurate before it gets paid to an employee, which I think is the bulk of where the Queensland Health payroll staff - their function is not around rostering, it's about taking what they get from the roster and then making sure that is accurate in the payroll system.

If you assume for a moment that the target of the present Queensland Health solution is that it does end up, to an extend, a self-service system, you would expect that would reduce the number of payroll staff that might be required? ---Correct.

Nothing further. Thank you.

COMMISSIONER: Mr Thatcher, what happens in the Mater if a staff member loses a roster or forgets to put it in?---So coming back to my comment on roster patterns, all staff are put on a roster pattern. If you think of non-shift work staff, that pattern is very simple. It's a Monday to Friday, 9.00 to 5.00ish pattern. It is the employee's responsibility at the close of a pay period, which is typically midnight on a Sunday, that they sign off their time sheet electronically that that's what they worked in that previous fortnight. If there were no changes to their pattern then it's a simple one click, "I've signed off on my time sheet." If they've had leave during that period which wasn't prescription approved or if they've had any changes in terms of their shift time, shift hours, then they would put that electronically. They would put that in and then the manager would then sign that off. So the pay period closes Sunday midnight. The manager has to 2 pm on the Monday following to approve and authorise that time sheet.

What happens if, say, there's a sudden illness and the staff member goes home without clicking off, so there's no roster submitted? What happens?---So there will be a roster there for them. It's just that the "as worked time sheet" will have to be updated by the manager.

I see. There's a default roster?---There's a default, yes, based on the patterns.

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I follow. Thank you. Mr Traves?   **1**

MR TRAVES: No questions.

COMMISSIONER: Mr Ambrose?

MR AMBROSE: No questions.

COMMISSIONER: Mr Doyle?

MR DOYLE: Mr Webster is going to take this witness.   **10**

COMMISSIONER: Mr Webster?

MR WEBSTER: Mr Thatcher, you'll just need your statement
and the submission attached to it to answer my questions.
To start with, am I right in understanding the evidence in
your statement and the submission and what you've said
today to be that in your view things like organisational
change management, business readiness and a business   **20**
committed to achieving a new end state are absolutely
essential to the success of an IT project and particularly
a large IT project like a payroll?---They are critical
enablers of success. I will just add one other element to
that and that is in our organisation's environment is
executive sponsorship of those projects, so having very
senior management be accountable for the business outcomes
of that project.

That is the organisation is ready and willing to change to   **30**
accept the new processes which are going to be part and
parcel of the new system?---Correct.

Does that sort of need for change and ability to change and
preparedness for change have particular significance to the
success or otherwise of a go live, the actual
implementation of the system?---Absolutely.

Are there particular risks around go live if change
management or business readiness hadn't been addressed   **40**
fully?---Yes.

What sort of risks?---And I'm happy to submit as further
evidence, commissioner, I have, as I said, a sample of that
go live readiness assessment that we did prior to our
payroll go live and it talks specifically to those
elements.

I'm less interested, I suppose, in what Mater did well to
(indistinct) those risks, which I won't challenge you on.   **50**
I'm more interested in you commenting, if you can, from
your own experience about what sort of risks might arise if
those sort of things aren't done or aren't done properly?
---Yes, certainly. So around change management, the
principal risk of not doing that effectively is that you

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have significant staff resistance to the adoption of the technology and both through your communication and training plan, which is all components of your change management approach, being able to assess: (a) the competency of staff and the use of the software is important, but also their ability to use that software in a workflow and that's probably more important than their actual ability to use the software, so understanding their role in the use of that software and how that impacts their day-to-day workflows is critical. So we go through a competency assessment around both their ability to use the software and their understanding of their new role in the use of that software.

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Seeing whether the staff within the organisation who are
going to have to use the software day to day are able, in
the pressure and in the time available, to do them in a
normal work day, taking into account it's a new system, to
be able to use it and process whatever they need to in the
time available, those sort of issues?---Yes, and a
significant cost to any large change management project
involving technology is that actual training and backfill
of those staff to allow them to do that training.

And I think you said at one point Mater has made a number
of approaches to Queensland Health in relation to perhaps
adopting the Mater's software system. Is that right?
---Correct.

In relation to that, you expressed a concern, I think,
about the fact that even if the very good working
Mater system was given to Queensland Health, you
wouldn't be confident that in and of itself would enable
Queensland Health to have a working, functional, useful
payroll system, there's something else that's needed. Is
that right?---That is a concern, yes.

Can you just elaborate on that a little bit for me, the
nature of that concern?---Yes. So I think I've spoken to
this, Commissioner, in previous comments but essentially if
Queensland Health hasn't come to their own determination of
what, and I use the term target state again, but what
outcome they want from the implementation of not just
rostering and payroll system but ultimately what their HR
information system strategy is. My concern is that they're
just replacing something ineffective with perhaps a better
took but just as ineffective, so I think it's very
important that Mater, through its experience, can assist
Queensland Health to get to that realisation that there is
a target state that they need to achieve.

And your concern to date has been, and the approaches
you've made, that you haven't - one of your concerns has
been you haven't sensed a complete readiness to do that on
Queensland Health's behalf?---That's correct.

Can I ask you, now, about the process Mater went through to
select software and to have a tender for the development of
that software? I think you've already said a few things
about that. One of the things you said was that the Mater
defined their requirements in great detail before going to
tender. Is that right?---Correct.

That involved, before going to tender, trying to work out
what the end state was?---Correct.

And defining requirements that would indicate how to get to
that end state?---Yes.

And they were given to the vendors and the vendor's given time to consider them and respond?---Correct.

And you scrutinise those responses quite carefully?---Yes.

Is it fair to say that if you'd given the tenderer's a lot less detail and a lot less time you would have expected whatever responses the tenderer's gave you to contain quite a lot of assumptions around the uncertainties?---I think that would be a valid assumption, yes.

As a customer, you would have been very careful to check those assumptions and made sure you're comfortable before accepting a tender in those circumstances?---I think Mater would not put itself in that position.

I accept that might be the case, by hypothetically you would give particular attention to those assumptions?---We would have a very large risk register, I would think, as a result of that approach, yes.

Thank you. Mater, in the end, chose Kronos as its rostering software?---Correct.

Do you know what the cost of a licence for Kronos is?---I don't know off the top of my head what was the component of the 9.1 million, but I'm happy to provide that if the commission so requests that.

COMMISSIONER: I don't require it, thank you.

MR WEBSTER: Do you know if there's an ongoing licence? ---Yes, we pay an ongoing maintenance fee.

And you're not aware of that cost off the top of your head? ---No.

That's fine. You were asked a few questions about the award interpretation functions of Workbrain vis-à-vis Kronos, and I think ultimately you said that the one particular thing that came to mind as a difficulty in the Workbrain testing which you were aware of was something to do with concurrent employment not being fully supported? ---Correct.

Is that a fair summary?

COMMISSIONER: I thought Mr Thatcher said Workbrain couldn't perform the function?---Couldn't perform.

MR WEBSTER: And that function was concurrent employment or something similar?---That's correct.

You're not aware whether within the Queensland Health implementation of Workbrain it performs satisfactorily or

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not for concurrent employment?---No, I'm not aware of the specifics, no.

It's just that the test you remember had that issue? ---Correct.

You're also not aware of the extent, if any, to which award interpretation in the Queensland Health implementation of Workbrain has been responsible for any of the problems since go live, personally, you're not aware?---Not personally, but it would seem a reasonable assumption that if you need a large workforce to correct pays then that is on the basis of one of two problems. So either the award interpretation is inaccurate or the data that is being provided in the rosters is actually inaccurate. Coming back to your point, Commissioner, about what happens if a staff member doesn't submit a roster, you know, what assumptions are made about what they worked. Unless there's accurate information going in about the actual shift's work, that would be a factor. The other would be if the award interpretation was ineffective.

Another factor that might account for a number of staff would be the extent to which manager self service and employee self service are implemented in the system as well. Is that fair?---Yes.

As I understand it within Mater, manager self service and to an extent employee self service had been implemented? ---That's correct.

Your understanding is within the Queensland Health solution at the moment manager self service and employee self service has been implemented?---That is my understanding, yes.

Thank you. Can I ask you about the concept that appears in your statement at paragraph 17 about the relationship between time, cost and quality?---Yes.

As far as I understand your statement, and please correct me if I'm wrong, time and cost were of secondary importance to Mater?---Correct.

They were not - - -

COMMISSIONER: Compared to quality.

MR WEBSTER: Compared to quality.

COMMISSIONER: Compared to quality.

MR WEBSTER: Yes, secondary?---I assume that was the inference, Commissioner.

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COMMISSIONER: You can't assume anything, Mr Thatcher, as Mr Webster's just pointed out.

MR WEBSTER: Secondary to quality?---Quality was the primary consideration.

Quality first?---Yes.

Time and cost secondary?---Time and cost secondary.

That's the relationship?---Correct.

Thank you. Going about it that way, the purpose of the implementation, if I can put it generally, was to implement a new business enhancing system that improved Mater's business processes and operations?---Correct.

And that was done by developing at the start and ideal target state?---Correct.

What Mater wasn't doing was simply trying to replicate what its old system had done and go on business as usual? ---That's right, and that journey continues today as we roll out additional HR functions, including Talent management which we're in the process of.

And to do that in the two phases in which Mater did at rostering and in payroll took between four and five years? ---Yes.

I want you, again, to indulge me in making some assumptions that perhaps you wouldn't make on Mater's behalf but hear me out. Assume that Mater had a limited time in which to implement a new system for a particular reason outside of your control. Say instead of four to five years, only one year. In that time, from your experience, the best you could realistically hope to achieve would be an interim sort of stop gap system to replace existing functionality rather than a rework of the business and a fully functional improvement. Would that be fair?---I think if that approach was being considered, it would still have to be within a framework of what an ultimate target state is.

I accept that. No matter what you're doing, you need to have some idea of where you're trying to get to, but your goals would have to be more modest if you had less time? ---You would have to approach a different or have a different phased approach to implementation, that is true.

And a more modest hopes and aspirations for what the system was to accomplish?---In terms of the 12 month period, yes.

As the first phase?---Yes.

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It would make sense to focus upon basic functions to
replicate the core requirements of the software rather than
enhancements and improvements within that first phase?
---Hypothetically,

yes, but, you know, my - I guess my response to this line
of questioning would be: why would you allow your
organisation to get in a position where you have this 12
month - - -

I won't try to answer that question for you.

COMMISSIONER: I take it core functions of a payroll
system include the accurate and reliable calculation of
pay?---That depends, commissioner, and it depends on where
the award interpretation is done. So some payroll systems
do the award interpretation; we chose a rostering solution
to do the award interpretation, but the actual accurate
calculation of those pay rules, those 22,000 or the 24,000
pay rules, that is what determines an accurate pay.

They can't work, can they, unless they are given
information about the awards interpretation; that is, the
rules can't function without being given the data about the
award interpretation?---That is correct, yes.

So to get the accurate pay, you have got to have both
aspects?---Correct.

MR WEBSTER: Just one last topic, Mr Thatcher, I think you have given some answer to this already, is the submission which you have provided to the commission talks about what might be involved in implementing the Mater's existing system for Queensland Health and the estimate you have there is approximately three years based on the full cooperation with Queensland Health and I think you have already said a little bit about what that means. Let me see if I understand it properly; it would involve Queensland Health to an extent handing over responsibility for defining and working towards the end state to Mater?---Working with Queensland Health. We are giving responsibility - not accountability, that would have to sit with Queensland Health but responsibility for that process to lie within Mater, yes.

Queensland Health would need to remain accountable for - - -?---The outcome.

- - - the outcome but you would say that they would need to in a sense trust an external party to help them get to the stage of reaching their target state?---Yes, 107-year-old external party.

Yes. They would have to be prepared to change some of things that they were doing and the ways that they were doing them?---They would, yes.

And to take your advice on better ways to do some of those things based on your experience, your - I mean, Mater's - experience?---Yes. It would be a leap of faith, I think that is fair to say.

And I think you have already said that if you didn't find that full cooperation forthcoming, the entire effort would be longer and the success of it would be questionable?---It would introduce additional risk that would I think ultimately impact on the time line, not necessarily on the quality of the outcome but certainly impact on the time line.

Thank you.

THE COMMISSIONER: Mr Flanagan?

MR FLANAGAN: May Mr Thatcher be excused.

THE COMMISSIONER: Mr Thatcher, thank you - - -

MR KENT: Sorry, Commissioner; with your leave, may I ask one final - - -

THE COMMISSIONER: Yes, of course.

MR KENT: It's just something that I - - -

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THE COMMISSIONER: Yes.

MR KENT: It's perhaps implicit in what you have been saying today but I take it that when the Mater was implementing its Kronos system, if I call it that, that was not in the context of the previous system, whatever it was, going out (indistinct)?---It was.

It was?---Yes. The previous system was Roster 2000 and it was basically at the end of life and needed to be replaced, and that was the primary reason why we chose to go with rostering first not payroll. We would have done it either way but the - I guess the time pressure on it was we were concerned that our award interpretation in due would fail.

So it was the rostering tool, not the payroll. Is that right?---Yes.

What did you do about that in the interim, how did you support it?---Well, we had the support of the vendor through that period but they had given us notice that the solution - - -

THE COMMISSIONER: What length of notice?---I would have to come back to you on that, Commissioner.

A year or two?---It would have been at least 12 months.

MR KENT: And in terms of that end date, how did that solution compare with that end date? Was it after that end date or before it?---It ended up being before in terms of when the - is it the - I guess the - it's fair to say that the vendor struggled with the complexity of the awards as they were evolving and the enterprise agreements that govern those award provisions have evolved significantly over the last few years in terms of their complexity, so it wasn't that the product itself could not exist in a less complex environment, but it wasn't able to support us as an organization.

Just to clarify so I understand, had your old product actually gone out of vendor support before you were able to implement the new one?---That could have been a risk that we would have been prepared to accept on the basis that we were working towards a replacement by - - -

But did it happen or not is the question?---I would have to go back and check the actual dates that we were advised but my understanding from my recollection is that it wasn't out of support when we changed over.

THE COMMISSIONER: So obviously you started planning and before you got the 12-month notice from the vendor - - -? ---Yes.

MR KENT: Thank you, Mr Thatcher; you can now be excused.

THE COMMISSIONER: Yes, Mr Thatcher, thank you very much   **1**
for your assistance. You're free to go?---Thank you,
Commissioner.

WITNESS WITHDREW

MR FLANAGAN: The last witness in the contract to give
evidence will be taken by Ms Nicholas and we hope to have
that evidence finished by lunch.

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THE COMMISSIONER: Indeed. Yes, Ms Nicholas.

MS NICHOLAS: I call Damon Atzeni.

ATZENI, DAMON ANTHONY sworn:

MS NICHOLAS: Your name is Damon Anthony Atzeni?---That's
correct.

And you provided a statement to this commission, dated   **20**
14 May 2013 which is nine pages long?---Yes.

Could Mr Atzeni be shown exhibit 122, please.

THE COMMISSIONER: Yes.

MS NICHOLAS: Mr Atzeni, is that statement true and
correct, or is there any part of that statement that you
would seek to qualify?---If I could qualify paragraph 24.
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Yes?---I do not believe – or I don't believe the
information contained or provided in the clerk to IBM on
12 November 2007 is reflected in those worksheets.

So on the second paragraph – the second sentence of
paragraph 24, we should understand that should read, "I do
not believe the information" - - -?---That's correct.

- - - "provided in the clerk to IBM on 12 November 2007."
Thank you. Now, you were employed by Queensland Health as   **40**
the human resources business integration manager as part of
the QHEST project?---That's correct.

And that was between January 2007 and July 2010?---Correct.

All right, and it's correct, is it, that one of your
key responsibilities in that role was to identify
Queensland Health's business requirements for the HR and
payroll solution?---That's correct.
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Did you manage a team who assisted you with that process?
---Yes, I did.

Now, IBM conducted a scoping exercise in December 2007.
Were you involved in that scoping process?---I was involved

initially at a few of the other sessions, more for
introductions and my team members then took charge – I was
actually moving out into do business as usual.

Is it correct that that scoping took place over a period of
two weeks?---That's correct.

Would that be between 3 December 2007 and 18 December 2007?
---The interviews were slightly – in between that period
but certainly the scoping period existed between that time,
the 3rd and the 18th.

And that scoping was to be interim payroll solution?
---That's correct.

Now, is it right to say that the scoping was done through a
series of workshops?---Yes, it was.

And by reference to a series of documents which articulated
the business needs of Queensland Health?---That's correct.

I might go to the workshops first if I could, please. Did
you attend those workshops?---Only at the beginning of
those workshops.

All right. Did you nominate members of your team from
Queensland Health to attend those workshops?---I did.

What was the purpose of them?---To identify the scope
associated with each of the sections of the framework that
we were working under, so payroll and rostering, to look at
the requirements for business for Queensland Health.

Broadly, what topics did those workshops cover?---We looked
at rosterings, so the creation of the roster, the
maintenance of the roster, the planning of the roster. We
looked at payroll and how we would actually run a payroll.
We looked at org management, so organizational management
and how you would employ a person, being them through into
the system, set up their details and how that would then
transfer through to rostering and then ultimately to pay.

Now, those workshops that you have just described, is it
right that they were in relation to the interim solution?
---That's correct.

Were whole of government workshops conducted as well?
---Whole of government sessions were conducted, yes.

What was the relative time frame of those sessions?---They
were around the same time so there were some initially in
December and then further in January but they were run
around the same time.

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Did you attend any of the whole of government workshops? **1**
---I attended one or two to my recollection. I didn't have
a lot of time to actually sit in the whole of government
but my team actually attended those as well.

Did they report back to you in relation to those
sessions?---Yes, they did.

Now, how did the interim workshops and the whole of
government workshops differ?---The whole of government **10**
workshops were - certainly there was a cast of thousands
so most other agencies that hadn't had the HR system
implemented had attended those. There were a number – a
lot more IBM facilitators at those sessions. They worked
around the same principles, so we were looking at the
frameworks and the business processes but they were working
on I guess the complete system, so all the bells and
whistles and employee self-service, manager self-service,
what the agencies wanted to see in the end product, not an
interim solution similar to what Queensland Health was **20**
actually getting.

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But it's correct to say, is it, that both sets of workshops **1**
were run by IBM facilitators?---That's correct.

They were run broadly in tandem?---Yes.

And they covered broadly the same topics?---Broadly, yes.

Were you satisfied by the way in which the interim
workshops were conducted?---The interim workshops were
very fast. As I said, the period between the 3rd and the **10**
18th, which actually - the workshops were between 6 and
14 December. There were one or two outside of that that
looked at interfacing as well. Some were half days, some
were full days. I guess there wasn't a lot of detail gone
into whilst we identified the business processes that were
going to be identified. There were statements made, "We
use Workbrain for this detail," so for rostering, and it
was accepted that the functionality would work as expected
or as the product provided.

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Was there more detail in the whole of government workshops
or was the level of detail the same?---My understanding was
there was more detail because everybody had a say;
everybody wanted to know how I guess the integration of the
bells and whistles was going to occur, so there was
certainly more detail that they would have gone into.
Queensland Health's was referred to as a like for like, an
interim solution that we wouldn't be seeing employee self
service and manager self service and, I guess, there was a
minimal build as compared to what was going to happen from **30**
a whole of government perspective.

In paragraph 10 of your statement you recall expressing
concern - your team expressing concern to you about the
IBM facilitators at the workshops?---Yes.

What was the nature of their concern?---That they felt that
the facilitators were fairly aggressive or fairly pushy
about what was going to be delivered and questions that
flowed outside of that approach or that functionality was **40**
put to the side or we moved on quickly from that. They
were very concerned that Queensland Health's requirements
weren't being listened to and that it wasn't just about a
like-for-like system. We actually needed something that
was going to work for us and allow us to function until we
actually got a whole of government solution.

You were prompted to send an email to Mr Prebble which you
mention in paragraph 11 of your statement. It's annexure
B, which is page 4 of your annexures. In that email you **50**
say that you do not have much confidence, and you're
referring to the IBM consultants or facilitators, that
they understand the needs and risks of Queensland Health?
---That's correct.

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What did you see as being a risk for Queensland Health?
---That we actually needed a system that worked for us;
that it paid correctly; that we had a large number of
people that this was addressing and we needed to roll it
out across the state. I guess that it needed to be able to
handle the enterprise bargaining agreements that were
coming in and was capable of addressing those and that the
time lines were critical to us, not just to IBM, but were
critical to us.

Could Mr Atzeni be shown exhibits 111 and 112 please.

COMMISSIONER: Yes.

MS NICHOLAS: You have those emails?---Yes.

The first you'll see, exhibit 111, it's an email from
Mr Prebble to you dated 12 December 2007 and it's in
response to your email where he thanks you for the feedback
and says that he'll take it up with Maritza and Jacquie
ASAP?---I'm sorry, I only have my email.

COMMISSIONER: 111 is Mr Atzeni's email. 112 is
Mr Prebble's?---Yes.

MS NICHOLAS: You have those? You receive a response that
the - this is the email from you to Mr Prebble of 12
December and you say:

> *The workshops are much better today. Perhaps the*
> *team are getting used to her style, but it is an*
> *acquired taste?*

---Yes.

Do we take it from those emails that your concerns were
ultimately alleviated with respect to the IBM facilitators
in the workshops?---They were. I guess the approach was
still fairly aggressive. It may have been the
facilitator's manner, but it was taken - it did take the
Queensland Health staff aback in their style, but I believe
that we were able to continue on with the scoping
workshops.

You saw an improvement, in any event?---Yes.

Mr Atzeni, the commissioner has heard evidence that the
scoping exercise, the interim scoping exercise, which was
based on the Department of Housing would be properly
characterised as being brownfield in nature. Do you
understand what's meant by the term "brownfield"?---Yes.

Would you agree with that characterisation?---No, I would
not.

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And why not?---Workbrain had never been implemented anywhere in Queensland government. Queensland Health was the first to actually do that and the integration and the awards - IBM identified it as innovative, so it was in my view greenfield. We were trying it out for the first time. Whilst some development had been done with SAP and certainly from a Housing perspective, none of that from an awards perspective was actually left in from Queensland Health. It had to be rebuilt so that Workbrain had precedence of the award and SAP picked up the tabs on the last payroll period.

You knew that the interim scoping was to be based on the Department of Housing experience?---Yes, we did.

What was your view on that?---That it had some significant flaws and that concerns from the scale on which it was implemented - if you identified any of those flaws in Queensland Health, it would be exponentially greater and that would be particularly around increments, higher duties, of which Queensland had large amounts, and the termination organiser which had some flaws in it as well.

When you talk about flaws, that's not in the Housing scoping. That's in the Housing rollout?---That's correct.

Did your team regularly consult with their colleagues in Housing?---Yes.

You mention in paragraph 13 of your statement an issues list known as the CLARF document?---Yes.

What was the purpose of the CLARF document?---It was a list about my team's issues, concerns. They came from previous impact assessment workshops that had been run, as well as discussions with Housing as to identify their concerns and issues and we then related that back to how that would be addressed in Queensland Health. They were questions that we could then propose to those that would listen to be addressed.

You've touched on it briefly, but Housing and Health are very different agencies in terms of scale?---Yes, they are.

And complexity of awards?---Yes.

And rostering requirements?---Yes.

And different softwares being used between the two agencies?---Yes.

Did you ever provide the CLARF document to IBM?---Yes, we did.

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                            31-50

To your knowledge, did they ever use it in the scoping
process for the interim solution?---I don't believe they
did. I know that my staff had taken it with them to each
of the impact assessment workshops - sorry, each of
the - - -

COMMISSIONER: Scoping?--- - - - scoping workshops, thank
you, commissioner, and they would bring up those questions
to the facilitators during that time and certainly identify
any of the answers that they got within the document. I
believe that that was partially what led to the splitting
of that document into our interim solution as well as our
full solution.

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MS NICHOLAS: You mentioned the splitting of the document. **1**
What was that and when did that occur?---So that occurred
in January, January 11 I believe we first started looking
at splitting it up. It was so that we could actually
determine what we believed we were having addressed in the
interim solution versus what we saw being addressed in a
whole of government solution. It also allowed us to take
separate documents to the scoping workshops that were
occurring concurrently at the time.

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I might take you then to paragraph 22 of your statement I
if could, please. You're familiar with the QHIC scope
definition document that you refer to in that paragraph?
---Yes, I am.

You say there that, "This document sets out some of
the scope requirements for the interim solution, but I
do not consider the document to be comprehensive and it
did not address all of the business requirements of
Queensland Health"?---That's correct. **20**

Why is that?---There was more detail that the scoping
document in size and its delivery couldn't address, and I
think that was probably where a lot of our issues came
thereafter. Whilst it was in a high level helicopter view
of what we would be getting, it didn't really get to the
crux of how and what was actually going to be delivered in
detail. Things like concurrent employment, how they would
actually work, it's identified in the document. The
detail, it could be handled manually, it could be handled **30**
electronically, that wasn't described in the document for
us and it wasn't identified whether it was in scope or out
of scope, so there's some big questions still to be
answered in that document.

COMMISSIONER: Mr Atzeni, I've been told the line below,
the QHIC scope document and indeed the documents that are
identified in this as being the later documents, there are
what are called "level documents" giving more detail - - -?
---Yes. **40**

- - - of scope. Have you seen those? I've been given a
sample?---Sorry?

I've been given a sample. Have you seen those?---Yes, I
have.

All right. Do you include those in your conclusion,
the document or documents weren't comprehensive and
didn't address all of the business requirements of **50**
Queensland Health?---Those documents, they weren't
addressed - from Queensland Health's perspective, they
weren't addressed during the workshops and we didn't
believe that they were actually being addressed in the
document. So whilst they might have been listed, they

weren't actually being addressed. There was one document
in there that I highlight that was missed that we felt was
critical to Queensland Health, and that was the HRBS
rostering design document that all rostering agencies had a
lot of input into and we saw as being the key, I guess, to
how Workbrain would actually work with the agency.

But isn't it the case that any lack of comprehensiveness
in the QHIC scope document, the documents which it
identifies, was overcome or met by these furthermore
detailed documents?---Certainly, there was more detail in
those documents. The schedule that's mentioned, the HR
schedule that's mentioned from the standard offering
contained a lot of our business requirements in there that
we hoped would be addressed, but we would have thought that
from a scoping perspective that would have been the level
that we may have got to in saying what was being delivered
and what wasn't. What we got instead was the framework,
for instance, organisational management, and how that was
actually going to be delivered at a high level. We didn't
get the detail of what was in, what was out, what was on
paper manually, what was being electronically done.

But did you get that eventually or not?---Through the
design, yes, it was probably a little bit later than
through the scope.

All right. Thank you.

MS NICHOLAS: You mentioned there that there was a
schedule of related documents?---Yes.

You're familiar with those documents in the schedule?
---Yes.

Who authored those documents?---There were a number that
were authored by CorpTech and Accenture, and the rest I
believe were authored by Queensland Health.

Did IBM create any of those documents in the schedule?
---Not to my understanding.

You were asked by the commissioner about a hierarchy of
documents, so the QHIC scope document sitting at the top
and then going down, more detailed documents sitting
underneath?---Yes.

You're familiar with the business attributes document, or
the BAD document?---Yes, I am.

Was Queensland Health the author of that document?---Yes,
it was.

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For what purpose was it created?---It was to design from
a - I guess it was back in the Shared Services Solution
days where the document came from, to identify what
business attributes actually needed to be highlighted for
the solution. So what Queensland Health actually needed
to see in a solution around what awards needed to be
included, what facilities. Partially, it was configuration
documents, it certainly wasn't comprehensive because with
most agencies no-one really knew what the system actually
could hold and what it required, but it was the beginnings,
I guess, of the configuration for the solution.

And there are a number of versions of that document, is
that correct?---Yes, that's correct.

Okay. It's correct, isn't it, that Queensland Health
was the version controller of it, meaning that only
Queensland Health could make changes to that document?
---That's correct.

When changes were made to it who instigated them?---The
changes were made both from a Queensland Health and IBM
perspective. We produced the first version in around
January 2008, whilst we had versions up until that point in
time delivery of it was whilst it was handed over to IBM in
November, in the documents that was provided to Mr Cameron
in November 2007. The real versions, I guess, started to
appear from January onwards and they related to the build
as well, so as IBM were building and identifying that there
were either gaps or items that needed to be managed within
that document like, a configuration document, they advised
Queensland Health that these changes actually needed to be
made. We then agreed with IBM through each of those
versions that enough changes had actually been made to the
document to call it a new version, so that was done in
conjunction with IBM.

Queensland Health understood that document, the BAD
document, would evolve over time?---That was our
understanding, yes.

Was that understanding communicated to IBM?---I believe so.
We knew that the document wasn't complete because the
configuration wasn't complete in either Workbrain or SAP,
and we were keeping that document up to date so that it
matched the configuration both within SAP and Workbrain.

To your knowledge, was IBM paid when amendments were made
to that document?---That was my belief, yes.

Can I ask: we spoke earlier about the hierarchy of
documents with QHIC sitting at the top and more detailed
documents sitting underneath?---Yes.

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Did the BAD document sit underneath the QHIC document and form part of the scoping process?---That was my understanding, yes.

You're familiar with the requirements traceability matrix? ---Yes.

Did that document sit underneath in the hierarchy?---Not to my understanding. I hadn't seen that document until certainly late in the piece or I had an understanding that it even existed up until 2008, 2009.

Paragraph 32 of your statement, you refer to a service model for the interim payroll and rostering solution? ---Yes.

You also refer in that paragraph to an agency specific requirements report that's provided to IBM on 17 December 2007?---Yes.

Neither of those versions were final versions of the document, were they - - -?---That's correct.

- - - when they were sent to IBM, as detailed in paragraph 32?---Yes.

Why did you send documents that weren't final to IBM? ---They were requested so that the scoping document could be completed. The service model for interim payroll and rostering solutions was effectively completed. We asked IBM not to communicate that further for union reasons in the sense that we wanted to actually step the union through, it was a sensitive issue and we wanted to take them through that process first before it was communicated. However, the time lines of the project beat us in talking to the unions first.

Did Queensland Health have any control over how the unions progressed through that process?---No, not at all. With the agency specific requirements report, again, that was our best understanding at that point in time, certainly early in the piece, of what we actually required.

Can I take you please to the service model document which is page 52 of your - - -?---Yes.

So you'll see there that's an email from you to Mr Prebble and Mr Cameron where you enclose the service model and you explain that it can't be finalised until union consultation has occurred and then over the page at 53, there's a QHEST recommendation cover sheet of 10 December 2007. It's titled Service Model for the Interim Payroll and Rostering Solution. Below that at the bottom of the page there's a diagram that talks about hub and spoke with respect to SAP and Workbrain. Can you briefly explain what that diagram addresses please?---With the SAP, we wanted the - so this was our centralised and hub and spoke model so payroll, which was SAP, was held centrally and was to be performed by a smaller number of users, I guess similar to what the Mater's plan was, and Workbrain was to be devolved out to spoke, so if we had a hub within Toowoomba, Roma would actually be a spoke and it would service the Health Services outside of Roma further west.

Is it right, as you see over the page at 54, that there's a BRG or business reference group recommendation for a centralised SAP HR payroll and hub and spoke model for Workbrain?---Yes.

So that's a recommendation?---Yes, it is.

That recommendation was endorsed?---Yes, it was.

And adopted?---Yes.

Is it correct to say that that, albeit in draft, was sent to IBM on 10 December 2007 via your email?---That's correct.

Did you subsequently communicate to your knowledge that union consultation occurred and that that model was finalised?---I believe that was done through the board and management channels. I personally didn't say that union consultation had finished, but I believe that that was done.

To your knowledge, did that centralised SAP HR payroll and hub and spoke model ever change?---I don't believe it did. No.

Did it, to your knowledge, ever change in the second half of 2009?---No, I don't believe it did.

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You're familiar with change request 184?---Yes, I am.   **1**

Did it ever change subsequent to change request 184?---No,
I don't believe it did.

To your knowledge, is that model still in place today?
---Yes, it is.

Can I ask - you say in your statement at paragraph 37 - you
were shown by the commission an email of 19 December 2007   **10**
from Mr Prebble which enclosed a preliminary draft of the
QHIC scoping model?---Yes.

You've reviewed your records and you say you don't have a
record of receiving it?---No, I don't.

But you did see a version of that QHIC scoping model before
it was signed off. Is that correct?---I believe I did. I
can't recall what version I actually saw, but I did see a
version of it before it was signed.   **20**

Before it was signed off?---I believe so, yes.

Do you recall when that took place?---So my understanding
is that version 1 was the signed off version. I saw a
version on 2 January and then there was a further version
on 1 or 2 February that I believe was version 1.

You reviewed it? The question then, I suppose, is if you
thought that document was in any way lacking or deficient   **30**
in terms of scoping, why did you sign off on it?---At a
point in time, it was what we knew, but from a detailed
perspective - and that was done in January, February - we'd
expected that there was more consultation occurring. As
the commissioner said, we actually expected to see more
detail and we didn't see that through until design.

I'll take you to one final matter if I could please. You
say at paragraphs 39 and 40 of your statement - you refer
to a postponement in a scheduled go live date from November **40**
2009 to March 2010?---Yes.

All right. Was that postponement done at the request of
Queensland Health?---I believe that the project directorate
had identified there was a need to delay and I believe that
that was put to the project board. I have reason to
believe that Queensland Health would have pushed for a
delay in that regard. The impacts of that were related to,
"You don't touch staff members' pay over the Christmas
period," particularly implementing a new payroll solution   **50**
where you're dealing with Christmas pays as well as a high
degree of leave, so even the change component that would be
required to provide to employees, as well as employees
receiving that, most people would be away during that

period or certainly on less staff than usual so the
communications would have been seriously flawed.   1

Was that delay requested because of a change in any
Queensland Health business requirement?---No, I don't
believe that it was. I know that UAT was still continuing
around that time and there were concerns that we weren't
getting through UAT. I believe that any concerns around
whether there was slippage from the November date that
would move into Christmas would mean that we would have to   10
postpone post Christmas and certainly post the changes that
happened organisationally between January and February, so
the earliest time I believe that it was identified was
March.

Thank you, commissioner.

COMMISSIONER: Mr Atzeni, there are two questions I would
like to ask you. I think you were here, weren't you, I
think, for much of what Mr Thatcher said?---Yes, I was.   20

Can I ask you: do you know if the present Workbrain used
by Queensland Health in payroll is able to compute
concurrent employment entitlements?---We do manage
concurrent employment within the system. Workbrain handles
concurrent employment as separate employees which allows
the employee to, I guess, their awards to be handled
separately and then when they actually reach SAP, their
concurrent employment modules that were built within SAP
and that we paid for through IBM actually handle that   30
detail for us quite convincingly.

When did that happen? Was that after go live or before?
---At go live.

At go live?---Yes.

At or after?---Well, the functionality was built before go
live - - -
                                                               40
Before go live?--- - - - and tested to our satisfaction.

All right, thank you. The other question is this: I have
heard obviously that part of the problems in people not
being paid after go live was that they hadn't put rosters
in and the system required the roster to generate a pay.
Was there some reason you didn't have, or Queensland Health
didn't have, that default rostering system that Mr Thatcher
described?---We do. So it was a top up that occurred in
SAP. It wasn't based on the roster. It was based on SAP   50
identifying the individual's contract hours and the top up
would occur within SAP to meet those hours so that the
individual could be paid that way.

When was that done?---At go live, so it was built into the
system.

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Then if that's right no-one should have gone unpaid because of the failure of putting in a roster?---That's correct. The part-timers were different to that and we actually developed a similar process after go live to manage those individuals from a contract perspective.

These are people put in what were called as (indistinct)? ---That's correct. They might work half a fortnight as art of their standard fortnightly hours and we would then run a process just before the pay was run to identify whether they had worked their hours for that fortnight and then identify a top-up process for them.

All right, thank you. Mr Kent?

MR KENT: Thank you, Commissioner.   **1**

Mr Atzeni, you have your statement there?---I do.

Can I take you, please, to page 6 and going over to 7
between paragraphs 27 and 31, you give some evidence about
the BAD?---Yes.

The acronym we're all familiar with by now. You say at the
end of paragraph 31 that there were seven version of BAD   **10**
and you believe, as you say, that IBM had paid for them,
involved in the configuration tracking document. Correct?
---Yes, that's correct.

Can I just show you three emails, please. I think you
might have the oldest one at the back but it's the oldest
one, 14 July 2008?---Yes.

And you are one of the recipients of that of that from
Ms Sparks?---Yes.   **20**

Does that deal with this updating or – well, a point of
change, the evolution of the BAD into the configuration
tracking document?---Yes, it does.

So does the process sort of change happening start at bout
that time?---Yes, it did.

And if I take you to the next one, dated 15 October 2008?
---Yes.   **30**

And again you are copied into that one, it is one from
Ms Doughty to Ms Sparks. Correct?---Correct.

Just tell us please – we probably already know but who was
Ms Sparks?---So she was like my second-in-charge. She was
head of – she was the business lead for payroll.

And Ms Doughty?---She was my line manager, my direct before
– sorry, I reported directly to her.   **40**

Did she take over from Mr Hey at some stage? Was she below
Mr Price?---She was below Mr Price, yes.

Okay. So then this email also deals with the history and
evolution of the BAD and the ultimate changing of that into
what was at that point was called the CTB. Correct?
---That's correct.

I think it's the top one in your bundle, it's the one of   **50**
17 October 2008 that you were copied into and this one
deals with the idea of changing anything in the – by that
stage the configuration tracking document unless it came
from – it says there Joseph Cameron from now on?---That's
correct.

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                           31-60   **60**

This is part of the process that you describe where you have been paying for evolutions of the BAD that were partly or largely at the request of IBM?---Yes.

That's why it got confirmed into this configuration tracking document?---That's correct.

So I tender that series of emails.

THE COMMISSIONER: No objection, Ms Nicholas?

MS NICHOLAS: No.

THE COMMISSIONER: The three emails between Ms Sparks and Mr Atzeni and others together will be exhibit 130.

ADMITTED AND MARKED: "EXHIBIT 130"

MR KENT: Can I show you - sorry, I will ask you a question first. To your knowledge, was there an assessment of risk that the payroll system for Queensland Health was exposed to in the second half of 2007?---Yes, there was.

Is that conducted by Mr Meuleman?---Yes, it was.

It just occurred to me that this is being transcribed so his name is spelt M-e-u-l-e-m-a-n. Was he an external contractor to Queensland Health?---Yes, I believe he came to us through SMS Consulting.

He, with others, produced a risk of assessment document?---That's correct.

Can I show you this. Is that the assessment produced by Mr Meueleman?---Yes, it is.

May I take you through it - hopefully fairly briefly, Mr Atzeni. Firstly - - -

MR FLANAGAN: Actually, we're quite happy for it to speak to itself. I have read it and it does explain itself.

THE COMMISSIONER: There's a hint, Mr Kent. There is a hint there.

MR KENT: There is. I'm afraid I'm going to displease my learned friend in that I'm still going to ask one question.

Can I take you to paragraph 14 - sorry, page 14. It's really in the third paragraph of that page although the first paragraph is only one line long. You see that the paragraph starting with the words, "The diagram"?---Yes.

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The assessment is dealing with the time after CorpTech was
to assume support of LATTICE and enterprise bargaining
agreements were expiring, the risk at that stage was
assessed to be increasing to very high and remaining until
the whole of government solution would be implemented.
Correct?---Yes.

Thank you. I tender that document.

THE COMMISSIONER: Is it being tendered?

MR KENT: I do tender it, yes.

THE COMMISSIONER: Yes. The payroll systems risk
assessment of September 2007 is exhibit 131.

ADMITTED AND MARKED: "EXHIBIT 131"

MR KENT: I've just got a couple more questions for you.
I'm sure Mr Flanagan will be happy to hear; while you
still have your hands on the payrolls system generally,
Mr Atzeni. Correct?---I'm involved in the continued
roll-out of the Workbrain solution, yes.

Okay. By that, just so we are on the same page, you mean
the Workbrain SAP solution that this whole inquiry is
about?---That's correct.

As you understand, what is the life of this solution as it
is being implemented at this stage?---So we currently
have a process in place to upgrade next year but we have
to upgrade no matter what we do because from a supportive
perspective, we actually have to be maintained in a
supported environment. It has been delayed based on a
number of issues but likewise, we could actually continue
on on this product for quite a long time. It's only that
from a vendor requirement to remain supported that we are
required to upgrade so we are planning that upgrade for
next year, early next year.

So does it have a finite life as you understand it, or not?
---The product itself?

Mm?---Not to my understanding. We could go on for quite a
long time as in at least for another five years or so.

Okay. Are there any plans yet for whatever is going to
follow it in the future?---From a Workbrain perspective, no
there's not.

THE COMMISSIONER: On the basis of Mr Thatcher's evidence,
the planning should start now, shouldn't it?---In what
regard?

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Well, the payroll system you need at the expiration of five years?---Absolutely, yes. So for the long-term plan, what we are actually going to do is post Workbrain or post SAP, yes, but no matter what we choose, we have to upgrade to be maintained on a support - - -

I understand that. Yes?---Yes.

MR KENT: I suppose the Commissioner's point is, is there any plan as yet for what is going to follow this current solution?---I think everybody is waiting with baited breath on the outcome of the commission.

Waiting to get some advice, no doubt. You heard – or at least some of Mr Thatcher's evidence?---Yes, I did.

And one thing that he spoke about was the idea they 1
apparently put into practice of implementing payroll and
rostering separately, and that's being a desirable thing?
---Yes.

Are you able to comment on the practicality of doing that
in the Queensland Health environment?---We certainly
explored it and no matter what we did we were looking at
Workbrain containing the awards interpretation for us,
which is different to what we had with the ESP and LATTICE 10
solution. The interfacing et cetera that would be required
to LATTICE during that time, remembering that LATTICE was
the failure point not our rostering system, the only
logical way we could do it is replace rostering first
followed by the payroll system, but the payroll system
being the priority if we replaced SAP - ESP interfacing to
SAP, so our old rostering system interfacing into the new
payroll system, we'd have to build the awards in SAP which
would then require a complete reconfiguration when
implementing Workbrain. The work involved was enormous, 20
and this was discussed quite a lot even within CorpTech in
the early days.

Again, one of the problems was LATTICE going out of support
made the payroll half of the equation the priority?---Yes.
And whilst that might have worked for the Mater it
certainly wasn't going to work for the large components of
work that were required within Queensland Health.

You heard what Mr Thatcher said generally, is there 30
anything else in particular that you wanted to say about
the evidence that he's given?---Certainly, Mr Thatcher's
view on how he would roll out to Queensland Health
taking ownership of, I think once bitten twice shy for
Queensland Health. To have somebody else take over the
ownership of implementing for Queensland Health, whilst
we appreciate that it would be a trust matter I think that
they're both politically and publicly we would be asked
why would we do that again. The numbers that have been
implemented at the Mater are at least 10 times smaller than 40
Queensland Health's, and I guess whilst I appreciate that
Mr Thatcher believes that the complexity that they had
within the Mater is significant and comparable to
Queensland Health, and I think he identified that they
didn't have the remoteness that we do within some of our
services and certainly the awards that are associated with
those.

All right?---I guess one other thing was that, from a
requirements perspective, the Mater when putting theirs 50
together were able to look at the greater product that they
were actually looking for. When we were implementing the
interim solution we were looking at an interim replacement,
and I think that was certainly brought out in the
questioning of Mr Thatcher.

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Just one final question. I've taken you to that risk
assessment about the payroll system from 2007. Once
LATTICE went out of support in mid-2008, in your view, did
any of the risk that LATTICE was exposed to lessen in any
way from that assessment between then and March 2010?---No,
it was still under constant stress and we were doing a
number of workarounds, and I think I mentioned previously
that we literally crossed our fingers and hoped through
each pay period and we were still running a number of
database indexings to make sure that it would run correctly
through each pay, so the risk is still there.

COMMISSIONER: Mr Kent, I missed the question, I'm sorry.

MR KENT: I took him back to the risk assessment which had
assessed various things, page 14, as being very high and
remaining so until the whole of government is implemented.
I just asked the witness whether that change to his view
when LATTICE expired in July 2008 until go live in March
2010. They're my only questions.

COMMISSIONER: Thank you. Mr Ambrose?

MR AMBROSE: No questions.

COMMISSIONER: Mr Wilson?

MR WILSON: No questions, Mr Commissioner.

COMMISSIONER: Mr Doyle, will it help or hinder if I say
that I think I do understand IBM's position in relation to
scoping and that I also understand that there was a wholly
different world view between the government people and
IBM's people in relation to what the contract said and what
the contract required?

MR DOYLE: Thank you. I'm not sure whether it'll help.
It's helpful to know that but I think I'll have to ask some
questions.

COMMISSIONER: Of course.

MR DOYLE: Mr Atzeni, I'll try, I don't think I'll finish
by 1.00 but I may not be far off it at least, if it's of
any assistance.

COMMISSIONER: I'm going to adjourn at 1.00.

MR DOYLE: Yes, okay. Your role at the time of this
roll-out, if I can put it that way, that is, during the
QHIC project, you've told us as business integration
manager you'd included identifying Queensland Health's
business requirements and otherwise superintending on
behalf of Queensland Health really to make sure that its

interests were represented in the identification of what was going to be functionally delivered by the replacement system?---That's correct.

You would be described as someone who is empowered to assemble the required teams and to make decisions about functional requirements?---Within my governance, yes.

Within Queensland Health?---Governance, yes.

Thank you. And we know that you were also involved in the evaluation of the ITO?---That's correct.

So you had experience and knowledge of the background which led to this?---Yes.

And you knew that the time frames for the implementation of the interim replacement were tight?---Yes.

You've said in your statement that scoping took place over two weeks?---That's correct.

You've told us some dates. You know, don't you, that in fact scoping started long before the contract was signed, that is, the process of scoping the requirements for Queensland Health for the interim replacement commenced even before the contract was signed?---As in the detail that was provided to IBM?

Yes?---Yes.

But IBM started assembling information and interviewing officers of Queensland Health as early as November? ---That's correct.

And many interviews took place ahead of the workshops to which you refer?---Could you define "many"?

You tell me how many you can remember and then tell me why you don't refer to any of them in your statement?---I don't recall how many.

I'll make it easier?---Sure.

Were you involved in discussions with IBM representatives to identify Queensland Health's requirements in November 2007?---Yes.

With which IBM representatives?---I believe with Mr Cameron.

On how many occasions?---I couldn't say how many, I can't recall how many exactly.

A dozen?---Probably less, maybe 10.

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With anyone else?---I believe Mr Prebble may have been there.

On the same 10 occasions or other occasions?---Probably less with Mr Prebble.

Eight?---Eight.

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Anyone else?---No, I can't recall.

You're aware that other people within Queensland Health were having discussions with IBM representatives in November - - -?---Yes.

- - - to identify Queensland Health's requirements?---Yes.

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Thank you. And it was more than one other person. It was a number of other people in Queensland Health? ---Individually as in they were having discussions with IBM individually?

A number of Queensland Health representatives were having discussions with IBM representatives in order to convey to them Queensland Health's requirements?---Yes.

And can you put a number on the number of occasions that occurred?---No, I couldn't.

You would be guessing?---I'd be guessing.

All right, thank you. You know as well, don't you, that the review of documents which was part of the scoping process had commenced in November?---That's correct.

I won't bother taking you through it, but a vast array of documents were provided by Queensland Health or CorpTech to IBM in relation to the identification of things relevant to the interim LATTICE replacement system?---That's correct.

And the identification of the business and functional requirements of Queensland Health?---Yes.

Thank you. And workshops occurred as well in November? ---You'd have to refresh my memory of the dates, but I don't recall what - - -

Sorry. One on 30 November 2007?---As an initial kick off to scoping?

I'll start again. There was one on 21 November 2007 which was a workshop in relation to the interim LATTICE replacement system, a workshop with Queensland Health? ---Yes. I may not have been in attendance with that, but, yes.

Okay. Do you recall such a thing occurring and that you now know you weren't there?---I know that there was a schedule of meetings that were provided around scoping and I believe that those emails were provided to me. There was a table that actually had a list of workshop meetings, et cetera, that were going on from November.

Yes. I won't trouble anyone to go to the document, but I want to tell you that in an exhibit to Mr Prebble's statement, which I assume you haven't read - - -?---No, not fully.

- - - there's an email, yes, from you to Jason, whom you would know to be Jason Cameron - - -?---Yes.

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- - - dated 21 November 2007. It says, "Hi, Jason.
Thanks for the meeting today. Here are the names of the
attendees," and I'll read them to you: you, Cathy Sparks,
Lynette Land, Brad Mammino, Shelby Willis, Geoff Scott, Jay
Thong, Jocelyn Ricconi and Andrea Sams?---Yes.

They were all Queensland Health people?---They are.

If you sent such an email, it would be true, I suppose,
that you attended the meeting that day?---That's correct.
Yes, I did.

And, presumably, doing so for the purposes of providing
something to IBM in relation to its scoping activities?
---Yes.

So that we should really understand that when you refer to
the scoping in your statement taking place within those two
weeks, what you're referring to is a subset of the scoping
activities that in fact took place?---Yes. So the official
workshops that were identified in the schedule of scoping
meetings that were to occur, yes, they were in the middle
of the schedule, yes.

Indeed, if I were to suggest to you that you have omitted a
number of workshops from those that you refer to, you would
accept that, wouldn't you?---Yes.

Very good. You say in your statement, I think, somewhere
that you thought the scoping exercise had taken place too
quickly?---Yes.

It was being conducted too quickly?---Yes.

We all know the time frames that people were working under.
You knew it had to be done quickly?---Yes.

It wasn't a surprise to you that it was being done quickly?
---No.

Where do we find please an email from you or a report from
you to CorpTech or Queensland Health superior officers
saying that the time frames under which everyone is working
are just too demanding to people?---You won't find that.

Thank you. Where do we find - - -

COMMISSIONER: Is there some reason for that, Mr Atzeni?
---I guess as Mr Doyle said, we believed we were all
working under tight time frames to actually go through this
process. We understood what we actually needed to do. The
concerns that were raised in here were around individual
workshops. As Mr Doyle said, they weren't all the
workshops. These were the specific workshops with my team
that occurred between 6 and 14 December. So that's where I

was specifically referring to these. There may have been
discussions with my managers at the time that certainly
before I sent the email to Mr Prebble, I may have actually
mentioned that to my managers to say, "I've got to send
this through. This needs to be addressed," or words to
that effect, but from a speed perspective, I didn't
identify that.

Did it ever to occur and did you raise with anyone else
senior to you that the tight time frames that the contract
had imposed on people might compromise the quality of the
system or solutions?---I think we certainly recognised that
that the tight time frames that we had, we were working
within, to address the LATTICE requirement which was to
replace that before it went unsupported. As it turned out,
it was a lot longer process than what we thought and I
guess with hindsight, we would have loved to have taken a
lot slower, longer process to actually address the
requirements.

At the time was there a sense that things were moving too
quickly to be sure of getting a good result?---I can't say
for certain that there was. Everybody knew we were under
pressure to actually deliver, so it wasn't a thought about
the time frames affecting the quality we believed we were
going to get a solution that was going to meet our
requirements.

Thank you.

MR DOYLE: But an aspect of the tight time frame is that
you would be under no illusion that you, Queensland Health,
had to provide responses to requests for information and
provide cooperation and so on quickly?---Yes.

And that if you didn't do so that would compromise the
delivery in the times that had been stated in the contract?
---Yes.

Thank you. One of the things you tell us in your statement
is that you did nominate some people to attend these
workshops?---Yes.

And there were apparently two kinds of workshops, the whole
of government and the interim solution?---That's correct.

At least as the whole of government, what we're talking
about is Queensland Health people attending to provide
Queensland Health related information but for the whole of
government rollout?---Yes.

So if we just concentrate on the interim scope workshops?
---Yes.

Did you tell those team leaders that the interim solution **1**
was to be a minimal one, an interim one, which provided
minimum functionality?---They understood that, yes.

I didn't ask you that. Did you tell them that?---I told
them from a - I believe I told them that from a scoping
perspective that this was an interim solution. We
understood it to be an interim solution; that we wouldn't
be expecting the ESS, MSS components of the solution and
that that would come later within the whole of government **10**
solution so, yes, the differences between the whole of
government and the interim solution, yes, that was
discussed with them.

Was that the extent of it?---I'm not quite sure what you're
referring to in - - -

You see someone goes to a workshop, the function of which,
the purpose of which, is to cooperate in achieving an
understanding of requirements for an interim solution? **20**
---Yes.

Such a person would need to know that the parameter of that
interim solution is to achieve, my words, a minimum
functionality or else that person would be asking for
things which were not minimal. Would you agree with that?
---Yes.

So that it would be important to facilitate the efficient
conduct of those workshops to ensure that your team leaders **30**
knew precisely what it is they were going to those meetings
to achieve?---Yes.

Would you agree with that?---Yes.

Do we have something from you in writing to those team
leaders to identify why it is they were going to those
workshops?---I don't believe you have anything in writing
from me.

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Doing the best you can, did you give them written
instruction as to the function that they were to fulfil
when they went to those workshops?---Not to my
recollection. I know that I actually spoke to them about a
like-for-like solution, that that was the understanding
that we were going in with. However, it needed to be
functional to meet that requirement and if that meant that
we had additional functionality in SAP that we should
accept that.

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Right. That's the best you can recall?---That's the best I   **1**
can recall.

You had a concern expressed to you from some about the IBM
- at least a couple of the IBM moderators at these
workshops being too pushy. Is that the way it should be
described?---Yes.

Would you accept that the IBM - the complaint being made   **10**
was that the IBM people had a clear idea as to the
functional requirements being minimal and were expressing
that to the workshops participants?---That could have been
one of the issues, yes.

Yes. And your understanding of the concern was that that
was being challenged by at least some of the - your
representatives at those workshops?---Yes.

That was the cause of friction between them?---There was
definitely friction, yes.   **20**

And that was the cause of the email to which you have
referred in your statement?---I guess there were a number
of issues that were mentioned in that email.

Yes?---That just as the concerns that were raised around
the minimal scope, as you call it, from the IBM
facilitators were actually focused on to the concerns of
the participants, not just my team but members of the HR
team was more around how we would actually deliver this   **30**
functionality with the solution that was being offered or
suggested.

Okay. Let's see what you did about it. You sent an email
to Mr Prebble?---Yes.

You got an email back from him which you have seen today?
---Yes.

Saying he is going to speak to those two women?---Yes.   **40**

And you said, "It's much better today"?---Yes.

And so the next day after your communication to him of your
team's concerns, you emailed him saying it's much better?
---Yes.

What else did you do? Where do we see the next occasion
when you complain about the different of opinions between
the participants of the workshops about the scope of the   **50**
functionality being identified?---As in an email?

Yes?---To Mr Prebble?

To IBM?---I don't believe that I did.

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Thank you. Excuse me. Would you go, please, to
paragraph 11 of your statement. You see – and I know this
is a quote from that email but it finishes in putting
quotes, "I do not have much confidence that they understand
the needs and risks of QH." I take it that you are meaning
the IBM representatives?---That's correct.

Your role was to ensure that they did?---Yes.

You would accept, wouldn't you Mr Atzeni, that you had
fundamentally failed in that role if you allowed the
system to proceed, believing that IBM did not have an
understanding of the needs and risks of Queensland Health?
---That I had fundamentally failed?

Yes?---(indistinct).

I'll put the question differently?---Sure.

If you truly believe that is true; that is that the IBM
people did not understand the needs and risks of
Queensland Health, it would be encumbered upon you to
take steps to correct that?---That is correct.

Okay. And you would do so by making plain in writing to
IBM that that was the case and something needed to be done
about it?---That is one way of doing it.

And the other way is to talk to someone, is it?---That's
correct.

Who? Tell me what you did after those two emails of
Mr Prebble?---So I actually spoke to my staff to ensure
that the concerns that they had were going to be addressed
and captured and again, there's an issues list that is
actually captured at the end of each of these meetings and
that they were then raised or provided to IBM to highlight
our issues still needed to be addressed.

At the end of that, you were satisfied that steps had been
taken to ensure that you could have confidence that IBM
understood the needs and risks of Queensland Health?---Yes.
Certainly that was addressing my concern and I believe that
there were a lot more – I guess we had a greater confidence
that they understood what our concerns were or that they
were addressed.

Very good. So after – this is around 12 December, after
the 12th or the 13th, you had greater confidence that
whatever the initial concerns had been, IBM did have that
understanding?---They had a greater understanding, yes.

Good, thank you.

Is that a convenient time, Mr Commissioner?

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THE COMMISSIONER: Yes. How much longer do you think you will be?

MR DOYLE: Half an hour, perhaps.

THE COMMISSIONER: All right. We will come back at half past 2.

THE COMMISSION ADJOURNED AT 1.01 PM UNTIL 2.30 PM

THE COMMISSION RESUMED AT 2.30 PM

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MR DOYLE: Thank you.

Mr Atzeni, do you still have your statement with you?
---Yes, I do.

Can you go to paragraph 22, please, where you mention the **10**
QHIC scope document?---Yes.

I want to direct your attention to the last sentence
please. Just read it to yourself?---Yes.

I'll come back to some things in between shortly, but would
you turn now to paragraph 37. You've read that obviously?
---Yes.

The point you were making is that you had been shown by the **20**
commission recently an email which it is your belief you
did not receive and were not aware of until the commission
drew it to your attention recently?---That's correct.

Can I show you a document please. I've shown you an email
dated 20 December - - -?---Yes.

- - - from you to Mr Prebble which you can read?---Yes.

You were plainly aware it had been attempted to be sent to **30**
you?---Yes.

And you arranged - you said it would either be split up and
sent to you. Can we infer that didn't happen?---I don't
believe it did.

Or that you would go and collect it?---That's correct.

And you did, I suppose?---I can't actually recall
collecting it, but I knew that the document was coming. **40**
Chris had sent me one that said it would be there by 5 pm.
I hadn't received it, but I don't recall actually going in
and getting it at the time. I knew it was an important
document, but I don't believe that I actually received it
via email.

All right. We'll agree on these points: you knew it was
coming?---Yes.

You had a belief, at least that it had been rejected **50**
somehow because of its size?---Yes.

And you arranged - sorry, you knew it was an important
document?---Yes.

And you would arrange to collect it the next day?---Yes.

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You either did or you didn't?---And I can't recall that far **1**
whether I did or I didn't.

And you can't recall this email, I take it, the one I've
just shown you?---I don't have this in my email list. I
did do a comprehensive search of it to try to find whether
I did or did not receive it.

Thank you. I'll tender that. **10**

COMMISSIONER: The email from Mr Atzeni to Mr Prebble of
20 December 2007 is exhibit 132.

ADMITTED AND MARKED: "EXHIBIT 132"

MR DOYLE: It is, however, plain that you at some stage
received and reviewed a copy of the QHIC scope document?
---Yes.

I may have missed you telling me your recollection of when **20**
you did that?---Of when I actually received the document?

Yes?---The 2nd of the 1st was the document that I actually
- on the 2nd of the 1st, so 2 January.

Very good?---I received a version - I think it was
version 12 of the scope document.

That may or may not have been the first document you
received?---That's correct. **30**

You may well have received one on 20 December?---Possibly,
yes.

Or indeed even earlier than that?---An earlier version of
it?

Yes?---Yes.

Do you have a recollection of that?---I do believe I have **40**
emails of an earlier version, yes.

Right. So stepping back, the complete picture, so to
speak, up to 2 January is you received an earlier version
at some stage in December?---Yes.

You may or may not have received one on 20 December?
---Correct.

But the likelihood is, Mr Atzeni, you collected it, isn't **50**
it?---The likelihood I would have looked to have received
it or sent someone to receive it, yes.

I mean, it would be - I don't want to be pejorative, but it would be careless not to have got it by collecting it on the 20th?---I would like to have thought I would have been diligent enough to go and get this.

Correct. And another version you can now recall on 2 January?---That's correct.

Each of which you reviewed for the purposes of discharging what you saw as your role within Queensland Health? ---Correct.

Thank you. Can I show you another document. This is an email dated 4 January 2008 and you'll see ultimately attached to it is a list of comments or things identified as feedback on QHIC project team scope definition?---Yes.

Which is feedback from officers within your - that is within Queensland Health?---Correct.

So that not only did you receive it, but it had been distributed to people within Queensland Health for its review?---Correct.

And for them to provide you with feedback to provide to IBM?---Yes.

I'll tender that email. Thank you.

COMMISSIONER: Yes. Mr Atzeni's email to Mr Prebble of - is it 4 January 2008 - - -

MR DOYLE: It is, yes.

COMMISSIONER: - - - is exhibit 133.

ADMITTED AND MARKED: "EXHIBIT 133"

MR DOYLE: And, ultimately, the final QHIC scope document which was approved was one that you did review?---Yes.

And which from Queensland Health's point of view was approved?---Yes.

It contemplates, doesn't it, the - I had better take you to it please. It's in volume 4. Sorry. I'll give you a page number in a moment.

COMMISSIONER: 63, I believe.

MR DOYLE: Thank you, Mr Commissioner.

Can I ask you to go to the bottom of page 64?---Yes.

And across to page 65 where you see this list of related documents?---Yes.

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That's the schedule to which you refer in your statement as being - I'll summarise - documents prepared by CorpTech or Accenture or perhaps someone else, not IBM?---Yes.

Which, therefore, suggests that they were earlier documents?---Yes.

And that there is an omission from this list of what you consider to be an important document - - -?---Yes.

- - - the HRBS something, which you tell us in your statement?---Yes.

Okay. I'll come back to that document in a moment?---Sure.

But you know that quite apart from that list this QHIC scope document contemplates there will be lower levels of more detailed design, function, technical and process documents brought into existence - - -?---Yes.

- - - to better define and describe a series of activities which are identified in the QHIC scope document?---Yes.

You know that was all done, reviewed by Queensland Health and approved?---Yes.

Thank you. Just with respect to the document that you tell us is the important one missing - just excuse me - it's at paragraph 25 of your statement?---Yes.

The HRBS roster management solution design document version 1?---Yes.

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Can you agree with these things? You know the way in which the QHIC scope document is expressed, it says that the list of related documents is not exhaustive?---Yes, that's correct, not limited to.

And I see you've smiled about that. Is that something you've realised for the first time now?---Yes.

Thank you. Can you go, please, to volume 5? You'll have to be shown it. You're familiar with the blueprint document that was brought into existence?---The IBM blueprint document?

Yes?---Yes.

You'll see, I'll show you a document. It's at page 118, the QHIC solution blueprint?---Yes.

The stream is the QHIC team, which I'm told is to do with the interim solution?---Yes.

This is a document which underwent the same process of consideration and approval by CorpTech and Queensland Health?---Yes.

Is the answer "Yes"?---Yes.

Would you turn to page 121, where it identifies related documents?---Yes.

To item number 9?---Yes?

Does that identify the important document that you refer to in your statement?---This is version 2. I identified version 1, but, yes.

It's plain that the document or its subsequent evolution of it is one which was in IBM's hands and had regard to for the purposes of this project?---Yes.

COMMISSIONER: How does the blueprint differ from the scope document?

MR DOYLE: I'll have to deal with that in submissions, if I may. I can't answer you immediately.

COMMISSIONER: All right.

MR DOYLE: I'm being told it deals with non-functional aspects, but for present purposes it's sufficient that you can see that the important document that you say was left out IBM in fact had, and in fact had regard to for the purposes of the QHIC scope, the QHIC team activity?---Yes.

In fact, you know don't you that it was provided to IBM no later than 7 November 2007.

COMMISSIONER: Sorry, what was given to IBM?   **1**

MR DOYLE: The HRBS roster management solution design
document version 2?---I'm not aware of when IBM would have
received it. I know we certainly would have highlighted
its value, but I don't know when IBM actually physically
received the document.

Well, you would have highlighted it, presumably, early on   **10**
in the process of scoping for the purposes of helping
advance the project within the time frames that had been
imposed in the contract?---Yes.

And that process, you tell us, started sometime in
November?---Yes.

So it's likely that it would have been provided to IBM then
if they didn't already have it?---Or they would have
requested it, yes.
                                                              20
Thank you. One more document, if I may? A configuration
document. This is one of the lower level more detailed
documents that you know was brought into existence for the
performance of your job?---Yes.

This is on the Workbrain team, do you see that?---Yes.

If you turn to page 2 of it, you'll see that a version of
this document at least was brought into existence in
January 2008?---Sorry, as in point 8 was brought in?   **30**

Yes?---Yes.

Thank you.

COMMISSIONER: It goes back to February 07, doesn't it?

MR DOYLE: It does, but we'll come to different aspects of
that. If you turn to the next page you'll see the heading
about this document - sorry, two pages over. Do you have   **40**
it, Mr Atzeni?---Yes, I do.

So it's a heading about this document and information
sources?---Yes.

And it includes, doesn't it, the roster management
solution - - -?---Yes, it does.

- - - design document?---Yes, it does.
                                                              50
You were aware of this document, presumably, before signing
your most recent statement?---From a configuration
document, yes.

But it didn't come to your mind, I take it?---No, it did
not.

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It too is a document that went through the processes of consideration and approval by Queensland Health and CorpTech?---This document, I guess, was part of, as mentioned by the Commissioner, from February 2007 and was created by the then Accenture Workbrain team and they also created the roster management solution design document as the header document, this configuration document would have had to have fitted into that.

That's why I took you to the date, it's been revised by 21 January 08, which is a revision by IBM, or it is under IBM's duty, can I put it that way?---Yes.

And could only have been done if IBM had regard to the important document that you say is missing when you referred in your statement?---Yes.

I tender that.

The configuration document is exhibit 134.

ADMITTED AND MARKED: "EXHIBIT 134"

MR DOYLE: Thank you. Can I go back to a slightly different but related topic to the description you give us on the statement of the green field/brown field comparison. Can we go to that, thank you? It's in paragraph 18 and 19 of your statement. I just want to understand, if I may, precisely what it is you're saying. Is the language "green field" and "brown field" yours?---No.

Someone asked you to comment upon those descriptions? ---Yes.

And that someone is someone who asked you in relation to the preparation of your report your statement rather than back in 2007, 2008, 2009?---That's correct.

Ultimately, the question is of the scoping of something is fairly described as "green field" or "brown field"? ---Correct.

The view, I think you've expressed here is that because Workbrain had not been implemented at all - - -?---Yes.

- - - its implementation can be seen to be a new project? ---Not just the implementation, because as far as we were concerned it hadn't been built as yet.

It's build and implementation?---Yes.

You know don't you, though, a considerable amount of work had gone into the scoping of the design and build of Workbrain prior to the execution of this contract?---Yes.

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Thank you. I'll take you to some documents about that. **1**
Just excuse me. Have you read the contract?---The IBM
contract?

Yes?---I think I may have seen it, I don't think I've read
it chapter and verse.

I won't bother anyone to pull it out. You'll recall that
in the ITO response, which you were involved in reviewing,
there were a number of assumptions articulated by IBM? **10**
---Yes.

One of the them I want to read to you concerns priority HR,
awards and rostering?---Yes.

So we can know for a certainty we are talking about the
functionality or the use of Workbrain for awards and
rostering?---Yes.

The assumption is that all Workbrain functional designs **20**
delivered by CorpTech as part of the request for offer are
final and will be implemented unchanged unless a specific
change request is raised. I'll show it to you if you can't
remember it, but that's the proposition?---Could you repeat
that again, please?

All Workbrain functional designs delivered - I'm
interpreting CorpTech - as part of the request for offer
are final and will be implemented unchanged unless a
specific change request is raised?---Yes. **30**

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Now, that would be a meaningless assumption and you
evaluating the offer would not be able to give that any
content unless you knew there were functional designs of
Workbrain by CorpTech to that point?---That's correct.

Thank you. And there were?---There were.

The contract in fact identifies that there have been
scoping and design for Workbrain performed by CorpTech?
---Yes.

Could the witness be shown volume 1, please. Could you
open it to page 186. Do you have it?---Yes.

And you will see there a list of various things which were
used as inputs in responding to the ITO?---Yes.

I just want to draw your attention a little over halfway
down the page. You will see one that commences 82R221E655
lead validations, and then it has hyphen, Workbrain. Do
you see that?---Yes.

Plainly a Workbrain document that provides some functional
design of leave validation?---Yes.

And if you look down that page – I won't take you to all of
it, and over the page, there are many - - -?---There are.

- - - that fall within that description?---Yes.

Thank you.

I want to show you three other documents just really as
examples of what those things contain?---Just on your
request to me before, you stated that they were – if they
were delivered by CorpTech, I think your words were, that
they would be delivered unchanged unless there was a change
request.

Yes?---Then things like the leave planner report wasn't
provided so that's why I was highlighting that the roster
design document was key to what we actually expected to be
delivered and it wasn't but we didn't put in a change
request for those sorts of things.

Right. Well, we will do one thing at a time?---Sure.

You have identified that HRVS roster document as being a
significant omission from those things identified in the
QHIC scope document?---Yes.

But in fact you know that it was included in the documents
provided to IBM and which IBM used to design the function
of the Workbrain system?---Yes.

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Which was subject to examination and approval by
Queensland Health and CorpTech?---Yes.

In every case?---Yes.

See, the question I'm asking you is why do you not mention
that in your statement when you identify what seems to be
a significant omission that in fact you know that the
document was in IBM's possession and was taken into
account by it to design what it was going to provide to
Queensland Health. This is what you forgot?---No, as in
it was missing from the list.

All right?---And I certainly didn't recognized, as you
mentioned, before it was not limited to those documents but
it was simply highlighting that it was a key document for
us and it wasn't included in the scoping.

It wasn't listed as one of the documents in the scoping?
---That's correct.

Thank you. But now I am addressing a different question?
---Sure.

That the scoping of Workbrain is to be fairly described as
Greenfield rather than Brownfield or some other shade?
---Yes.

And I'm hoping you will agree with me, that a great deal of
design work had already been done in respect of Workbrain
for the QHIC project?---A great deal of work had been done
by Accenture prior to that, yes.

Yes. And a great deal of documentation of the function and
design of the solution had been done?---The full solution
or the interim solution?

Tell me which? For which is it correct that a great deal
had been done?---I believe for the full solution.

Right?---For what we were getting in the interim solution,
I think there was a lot that was actually either omitted or
removed to meet that requirement, to meet the delivery.

Right. So of the design – the work that had been done for
the full solution, parts were omitted because what has
being done was an interim minimal QHIC - - -?---That's
correct.

- - - solution?---Yes.

Okay. So you're not going to suggest that the design
functionality and technical aspects of Workbrain for
rostering awards for the whole of the roll-out hadn't been

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conducted, just the tailoring of that for more limited
purposes hadn't been done prior to the contract being
signed?---Sorry, could you repeat that?

Just that the - I won't repeat it all. The tailoring of
it, that is the removing of aspects of it to enable it to
be built quickly had to be done under the contract with
IBM?---Yes.

Thank you. I'm going to show you three documents, just as
samples of the ones that were in that list that I gave you;
that is, the list that appears of the list of documents
which had been inputted for the purpose of responding to
the ITO. I've given you - I will ignore lots of the
antecedence but one that is called Entitlements Ratio, one
that is called Custom Pay Fatigue Rule and one that is
called Workbrain and SAP Interface Error Management?---Yes.

Check if you want to but Mr Atzeni, I want to suggest to
you that these are three of the documents which are
referred to in that list of documents of the - which have
been taken into account as inputs for the ITO
response?---Yes, I would agree with that.

I tender those three.

THE COMMISSIONER: What do I call them?

MR DOYLE: Functional specifications for Workbrain.

THE COMMISSIONER: No, I can read. I was looking for a
compendious short description.

MR DOYLE: Functional Specification.

THE COMMISSIONER: I'll call it sample of documents,
exhibit 135.

ADMITTED AND MARKED: "EXHIBIT 135"

MR DOYLE: Thank you.

Do you have annexure D of your statement, please.

THE COMMISSIONER: I will make them 1, 3, 5, A, B and C,
Mr Doyle.

MR DOYLE: Thank you.

Could you turn to page 11 in the third row. Sorry.

THE COMMISSIONER: Where have we gone?

MR DOYLE: Annexure D to Mr Atzeni's statement.

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THE COMMISSIONER: Is there a page reference?   **1**

MR DOYLE: Page 11?---Sorry, I only have - - -

Yours aren't – okay, third sheet of annexure D?---Yes.

If you go to the third row, my copy is very hard to read.
It seems to have a number – is it 55?---Yes.

If you go across to the column that commences Dougal   **10**
Ferguson work?---Yes.

Who is he?---he was our awards interpreter. He focused on
awards within Queensland Health.

I'm sorry, I didn't hear the end of that?---Within
Queensland Health. He focused on awards within
Queensland Health.

Right. And he's working in the business solution build HR   **20**
sub program?---He was at that time, yes.

At the time, coming back to Health within the next few
weeks, it's his role to populate template for Health,
organize meeting once back at QH, end of June?---Yes.

There's a reference to – even though this is your CLARF
document or whatever it's called - - -?---Yes.

- - - it's a document that obviously was brought into   **30**
existence early in 2007?---Correct.

To identify things that were being done long before the
execution of a contract with IBM?---That's correct.

To identify what is being done to develop the design, the
business requirements and so on, in this case of the awards
interpretation activity?---Yes.

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And that would be probably in part for the purposes of assembling that information to have it included it in the ITO offer - the ITO itself?---At that stage it was business as usual progressing the awards for Queensland Health from a whole of government perspective.

Yes, but for the ITO - or for the ITO?---No. It was more the impact assessment workshops that were actually doing it, so I don't believe we were even focused on the ITO at that stage.

All right. Never mind. Recognising, as you obviously do, that there had been a considerable amount of work done in the identification of the design, the function, the technical and so on - - -?---Yes.

- - - for Workbrain prior to IBM walking on - sorry, commencing under the contract - - -?---Yes.

- - - it would overstate it to describe the scoping of Workbrain as a greenfield activity?---I guess what we saw from the ITO that IBM had put up that it was using Workbrain in a, I guess, ingenious way to support the vast rollout of the solution, the HR and rostering solution, that we saw it as greenfield because the focus wasn't on Workbrain leading the way. The focus was always on SAP leading the way.

If I could just test that in steps. Workbrain was always going to be used for rostering?---Correct.

So anything to do with its design, function, technical description and so on would have been the subject of close consideration by CorpTech long before the commencement of the contract with IBM?---Yes.

Secondly, there was always going to be something which was going to do awards interpretation?---Yes.

So the identification of Queensland Health's requirements for awards interpretation would have been well advanced - should have been well advanced?---Should have been well advanced, yes.

So that what you're describing as greenfield is how Workbrain will deal with that?---Yes; and then how SAP would actually handle that.

How people within Health will handle that?---SAP and then people in Health. Yes.

Thank you. Can I ask you about this business attributes document. I want you to go to paragraph 27 of your statement. You were shown some emails by my learned friend

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Mr Kent earlier and I have understood you to agree with him **1**
that they show the commencement of the development of the
business attributes document?---No. That was in relation
to the configuration tracking document post the business
attributes document.

Right. So the change of its name and its use?---Use, yes.

Very good. Have you been shown exhibit 87?---I don't **10**
believe so.

Could Mr Atzeni be shown exhibit 87?---Yes.

You should have a bundle of extracts of what look to be
covering sheets for BAD documents?---Yes.

The BAD document itself can be a very substantial piece of
paper or spreadsheet or something like that?---That's
correct.
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Were you involved in the preparation of these cover sheets?
---I certainly would have reviewed them.

Cathy Sparks, you'll see, is the contact person and she's
someone who works with you or worked under you?---That's
correct. Yes.

It starts by saying the 2.8 BAD - what's the reference to
2.8?---So it's the implementation rollout product 2.8. So
it was where it actually sat in the original SSS product **30**
delivery.

So there was a number ascribed to it?---That's correct.

Okay. That will do. It describes it being a deliverable
by Queensland Health to IBM for input into the HR solution
standard offer?---That's correct.

You'll see there's a number of those?---Yes.
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What I want to take you to is number 5. If you go to the
third sheet probably in the volume or in that bundle. Do
you have that?---Yes.

It's dated 28 April 2008 and in the second paragraph on the
left it says, "This release of the BAD version 5 is to be
the baseline for QH agency configuration requirements"?
---I'm sorry, Mr Doyle, I don't think I do have it. It's
28 April, sorry?
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It is, the 28th - - -?---Sorry. Yes, I do have it. That's
correct.

So it refers to it as being the baseline for QH agency
configuration requirements?---Yes.

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And we should understand that's the representation, if you like, "This is what you want"?---This is what we know at this point in time, yes.

Yes. As the baseline for which IBM should proceed to develop it's - whatever it does with your BAD?---The baseline that we knew at that point in time, yes.

Yes. All right. Where do you say that "as we know it at this point in time" and you may not rely upon it to design whatever you're going to design?---Sorry?

You intended it to be acted upon, to be relied upon, by IBM to do something?---Yes, yes.

You didn't say to them, "Don't rely upon it"?---No.

You had in your mind that things might change or you might learn more or things might develop such that you want to change the BAD document?---It wasn't that we wanted to necessarily change it, but certainly knew that as configuration was developed and as the system was designed and built that there may be changes to it based on system configuration requirements.

Is that really the position that the only avenue that you contemplated for change in the business attributes document would be if they were required because of changes in IBM's build?---No, not solely and certainly there were changes industrially. There were, admittedly, omissions to some of the spreadsheets that were picked up through iterations, but certainly five was the closest that we got.

Right. So you accept that there was a substantial part of the reservation you had as to this might have to change was because you appreciated there might be things that had not been picked up by Queensland Health that are required? ---Yes.

Sorry?---Yes.

Or things that may change subsequently which, therefore, required a change to that?---Yes.

Okay. I'll just show you two emails. You can put those aside for the moment. The first one I wanted to take you to is an email dated 15 April - do you see that - 2008 - - -?---Yes.

- - - from Roslyn Ricolne - so she's someone working in your team?---Yes.

To Maritza, who is an IBM person?---That's correct.

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It says, "We are still making enterprise structure at calculation groups and entitlement policies." They are business practices within Queensland Health, are they? ---No. That was the requirements that actually sat within SAP. We were learning how the enterprise structure was actually put together using alpha numeric code so that it could actually be recognised within SAP. The calculation groups were a requirement of Workbrain as to identify the different awards that people would actually sit in and under and we needed to work out how that would actually work as well as the entitlement policies. So whether an individual was entitled to a meal break or not under a particular calculation group, so we actually needed to map those.

That is, you tried to put in the same group people with the same entitlements?---That's correct.

So looking at your - I know it's a big job - payroll, you could say: there are some people who fall within this category who are 9.00 to 5.00 personnel who have an hour for lunch under this award and that would be group 1? ---That is correct.

Hypothetically?---Yes.

So it's to identify from your own business knowledge the various variations of pay entitlements to identify the various groups that you will use in the awards interpretation?---Yes.

That's something that Queensland Health has to identify for the purposes of advising IBM?---Yes.

Thank you. And you say there that you can't predict whether or not we have discovered everything we need, and that is consistent with your recollection of things? ---That's correct.

And it is said towards the end, "As discussed with Cathy earlier, I think we should," I think there is a word missing, "have the bulk of the information provided in version 5"?---Yes.

Which is what you expected to do?---Yes.

And that explains why version 5 is the baseline document? ---Yes.

Thank you. If you go to the next one, it's two days later, **1** this is from Cathy to (indistinct) I think, again?---Yes.

The part I want to have you read is the second sentence, "The changes to calcs, groups and these flags will be included as part of version five due end of month. That would be the last time BRG"?---Yes.

What's that?---Our business reference group.   **10**

Thank you. "To endorse BAD, so shall deal with changes subsequent through to that through a change request process." Again, you were saying that five was going to be one which is approved, the last one we're going to ask for except for a change request?---Yes.

Thank you. I won't bother tendering those, Mr Commissioner, unless you want them?

COMMISSIONER: No, I don't want them. Thank you.   **20**

MR DOYLE: You've said in your statement at paragraph 31, "QHIC tired of paying IBM, revenue version of the BAD." I'll tell you, as far as I know, numerically in these proceedings, the last version of that is version 7?---Yes.

Do you know that I'm wrong about that?---No, that's the last version I believe was correct.

Which is 4 September?---Yes.   **30**

COMMISSIONER: Which is what?

MR DOYLE: 4 September 2008?---Yes.

The impression you wished to convey in the sentence I just read is that Queensland Health got tired of paying for the earlier ones?---Yes.

And did pay for the earlier ones?---Yes.   **40**

Do you mean to say "got tired of paying IBM for them"? ---We got tired of paying for them, as in every time we made a change be it our request for the change or IBM's identification that from a configuration tracking perspective we needed to change the BAD, the document was delivered. From a change perspective, what we were doing was changing the document, the work had already been done as far as we were concerned.
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All right. I just want to clarify this. You say that Queensland Health got tired of paying IBM for it?---Yes.

You know that statement of work 8 was a fixed price statement of work?---Yes.

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There was only one change request which provided additional payment to IBM for any BAD document, and that is in respect of BAD 7?---184, so CR 184 included BAD 5 and the changes to BAD 5. It is my understanding that it was rolled into it. It was originally put up, there was a cost associated with it, it was rejected and rolled into CR 184 as far as I was aware.

All right. That's your recollection?---Yes.

I'm going to suggest to you that the only change request that makes a payment specific to IBM for a BAD is change request 113, which is for the change effected by BAD 7? ---Yes.

You are wrong to suggest that there was multiple payments to IBM or that Queensland Health made them? You're nodding?---Sorry, whether Queensland Health made them, I believe that the contract was with CorpTech so CorpTech would have made them whether Queensland Health was then subsequently charged for them, I can't say from a financial perspective.

I think I said 113, it might be 133. The proposition I'm putting to you is: there was only one and that was for change request 7?---I believe 113 is correct.

Why do you say that, as you do, you give them impression in your statement that there was this persistent request for payment by IBM for BAD documents and so persistent that Queensland Health became tired of paying IBM for them? ---The change requests that I believe were actually put through did associated a payment for it, so every time we put through a change request there was payment associated with that, that's my belief.

Have you looked at the change requests?---I have tried to look through them, yes.

Tell me the ones you have in your mind. We can check it, you see. Tell me the ones?---I mentioned to you 184 included - certainly 5, that's they one I believe was put up, but I believe there was also a dispute around the payments for and that's why it was tied up into 184.

And that, you know, is June 2009?---I don't know the date of it, but I believe it was tied up into 184, the review I'd seen in this regard.

Very good, we'll check that. Can I ask you about two more topics? There was a testing parameter for the Workbrain component of the system which contemplated it would be tested for use by 600 users. Do you recall that?---Not off the top of my head, no, but if there was a testing parameter around 600 that's stated in the document, yes.

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In fact the test was conducted to test its performance at 150 per cent of that, so 930 I think was the figure? ---Okay.

Doesn't ring any bells?---I know that it was tested to less - I thought it was tested to 3000, but I appreciate the fact that it would have been tested to 600.

That's what I wanted to ask you about. That was the expected required number of users for the interim solution 600?---Yes.

It being identified that for the ultimate whole solution, that is, when Queensland Health took the benefit of the whole of government solution - - -?---Yes.

- - - there be a higher requirement for users? ---Absolutely.

Which reflected the intended ultimate roll out to include what's been called "manager self service" or "employee self-service"?---That's correct.

Which would vastly increase the number of users?---Yes.

If, ultimately, tests were conducted on the basis of - I'm sorry - and would the approximate number of users. if self service by managers and employees was implemented, be something like 3000?---No, it'd be much greater than that.

Much greater? Concurrent users?---Concurrent users? I still believe it would have been much greater than that, but 3000 is a large number of concurrent users.

If one talks about testing for something in the order of the thousands, 3000 or more, one has in mind testing against something other than the interim solution but with a view to implementing at some stage the self service functionality?---That's correct, yes.

Thank you. Finally, the commissioner asked you a question about the payment of people pursuant to a default roster. I'm going to put the question a little better than I have so far, but that's the topic that I want to talk to you about?---Yes.

If someone is on a standard roster, a full time employee who works usual hours, 9 to 5, or I suppose it doesn't matter, standard hours?---Standard hours.

They'd have a roster?---Yes.

The default position would be they'll be paid in accordance with an apparent entitlement on the basis of that roster? ---That's correct.

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If they were to work overtime or take leave and be entitled **1**
to some extra payment?---Yes.

To secure that, they would have to put in an additional
form?---That's correct.

An amendment to that roster?---Yes.

If that's not done and coded into whatever system needs to
be coded into, the default position will apply?---Yes. **10**

So they'll be underpaid?---Yes.

Until the form is submitted, the amendment?---Yes.

It'll then operate retrospectively, pay them back pay,
essentially?---Yes, that was the functionality of the
system.

Even for someone who is on a relatively stable work **20**
timetable, they'll be paid in accordance with that and not
what might be their correct pay to reflect overtime or
whatever unless they've put in an amending form?---Yes.

For another category of people, casuals or part-timers, and
how many of them are there?---I'd be guessing, there's many
thousands.

All right We're told figures of about 76,000 employees in
Queensland Health - - -?---Yes. **30**

- - - back in 2007?---Yes.

A third of them?---Would be part-time and causal. I would
be guessing, Mr Doyle, but - - -

I would be too but you're in a better position than me,
make an estimate, please?---A sixth of that perhaps.

A sixth of the total?---Yes. **40**

Right. 12,000 people on the - - -?---Yes.

For them they have to in fact put in their roster or
whatever it is to get paid at all?---Yes.

Thank you. I have nothing further.

COMMISSIONER: Mr Doyle, you put to Mr Atzeni and he
agreed that documents that were needed to complement the **50**
scope document were submitted to Queensland Health and
accepted by Queensland Health. Is that established in the
documentary material?

MR DOYLE: The documentary material which we're going to
give you, I think - and this is universally so - will be
that it is approved by CorpTech. Our understanding of the
process is that it will only - - - **1**

COMMISSIONER: I don't care of the significance between
CorpTech and - - -

MR DOYLE: No. It's accepted by CorpTech and perhaps also
by Queensland Health signed, but our understanding of the
process, I think the evidence is that it goes to - - - **10**

COMMISSIONER: I'm sorry?

MR DOYLE: My understanding, at least, of the process was
that it included Queensland Health before CorpTech would
approve.

COMMISSIONER: All right.

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MR DOYLE: So, yes, to answer your question.

COMMISSIONER: All right. These documents are in addition
to obviously the discovered documents themselves and the
documents identified in it?

MR DOYLE: Yes. One can ignore it for these purposes,
that schedule of related documents. It is the levels 2, 3,
4, et cetera, documents which are identified by numbers and
names. **30**

COMMISSIONER: Yes.

MR DOYLE: We are going to give you a sample of those.

COMMISSIONER: I thought I had them.

MR DOYLE: If you have, you're ahead of me.

COMMISSIONER: No, I thought you gave it to me. You said **40**
you were at one stage. I thought you had.

MR DOYLE: Yes. There are individual exhibits which are
examples of it and we're going to try to give you one that
goes from the highest order down to the lowest.

COMMISSIONER: All right.

MR DOYLE: Just as an illustration of the point.

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COMMISSIONER: All right.

MR DOYLE: There is one more thing I wanted to take you
to. Could you see exhibit 135 again, you probably have it,
which is the functional specification enhancement document?
---Yes. I've got two. The custom payroll or the - - -

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That will do; custom payroll.

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COMMISSIONER: Fatigue rule; very appropriate.

MR DOYLE: Thank you.

That is the functional specification enhancements document called Custom Payroll Fatigue Rule - we'll do it for these purposes?---Yes.

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If you turn to the revision history - - -?---Yes.

- - - you'll see that it has revisions from a date in 06 to a date in the middle of 07?---That's correct.

So you understand the time frame we're in. If you go to sheet 4. There's page numbers at the bottom?---Sorry.

In the left-hand corner of this one.

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COMMISSIONER: Is it page 4?

MR DOYLE: Page 4, yes, the left-hand side. Sorry.

Reference information it's got, "Business process owner," I don't know what that means but, "HRBS roster management standard offering"?---Yes.

"Roster management team," and the application environment is Workbrain, so you understand this is talking about Workbrain?---Yes.

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And if you turn to the next page to purpose and scope. Just read that to yourself. It's plainly concerned with the use of Workbrain for awards interpretation?---Yes.

So you understand the timeframe we're in. Go to sheet 4. There are page numbers at the bottom left-hand corner here. This one?---Sorry.

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THE COMMISSIONER: Is it page 4?

MR DOYLE: Page 4, yes. Reference information, it has got business process owner – I don't know what that means but HRVS roster management standard offering?---Yes.

Roster management team, and the application environment is Workbrain so we should understand this is talking about Workbrain?---Yes.

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And if you turn to the next page, purpose and scope. Just read that to yourself. It's plainly concerned with the use of Workbrain for awards interpretation?---Yes.

So there was – it is self-evident that consideration prior to the commencement of IBM's contract with design and functional requirements and technical requirements of the use of Workbrain for awards interpretation?---Yes.

Thank you.

THE COMMISSIONER: I hesitate at this hour of the day to raise a new topic but if what you have just said in answer to Mr Doyle is correct, why did we spend weeks to take evidence from the tender process being told that IBM's proposal to use Workbrain to interpret awards was innovative? Do you know?---I actually mentioned that, I think, in my initial statement, Mr Commissioner, that it had been planned from day one to do award interpretation but from an award interpretation for the whole of government and for non-rostering agencies, I think it's probably the only difference that from a coding perspective, Queensland Health had always expected the majority of its award interpretation would be done in Workbrain whereas other agencies had expected that it would be done in SAP, so if IBM were putting up Workbrain for the rest of government, then that was certainly different to the original approach.

All right, thank you.

Ms Nicholas?

MS NICHOLAS: Nothing in re-examination. May Mr Atzeni be excused.

THE COMMISSIONER: Yes. Mr Atzeni, thank you again for your help. You agree to go.

WITNESS WITHDREW

MR FLANAGAN: Just for the public hearings then, Commissioner, the only thing we need to do it adjourn to 27 May.

THE COMMISSIONER: Very well, thank you. We will adjourn until May 27 at 10 am.

THE COMMISSION ADJOURNED AT 3.25 PM UNTIL MONDAY, 27 MAY 2013