

QUEENSLAND HEALTH PAYROLL SYSTEM

COMMISSION OF INQUIRY

SUBMISSIONS ON BEHALF OF MR KALIMNIOS, MR SHEA AND MR RAY

BROWN

1. These submissions are made on behalf of Mr Kalimnios, Mr Shea and Mr Ray Brown.
2. Of the twelve issues for submissions identified by the Commission as arising from the Contract and Project Management section of the Inquiry, issue 7 is relevant to Mr Kalimnios, Mr Shea and Mr Brown and issue 8 is relevant to Mr Kalimnios (and in its terms, although not in fact) to Mr Shea.
3. Those issues are:
 - a) Ought the Project Directorate to have recommended that the system go-live on 14 March 2010 and ought the Project Board to have approved that go-live?; and
 - b) Did Mr Kalimnios and Mr Shea take sufficient steps to bring to the attention of the Director General of Queensland Health, the problems which had been made known to them (including by Mr Price) about the potential shortcomings in the system?

Ought the Project Directorate to have recommended that the system go-live on 14 March 2010 and ought the Project Board to have approved that go-live?

4. Whatever the underlying cause of the failure of the payroll system implementation, a matter beyond the scope of these submissions, the fact is that the underlying cause was not the result of the actions of the Board. Thus, the issue is not whether the Board caused the problem, but whether it ought to have acted in the circumstances

to identify it and take steps to have it removed and in doing so have refused to approve the go-live.

5. In a broad sense, the Board, although the authority to oversee the Project, was distant from it. Between the Board and the adequacy or otherwise of contractual performance and the readiness of the system were the contracting parties and the Project Directorate.
6. The Project Directorate comprised in part representatives of the contracting parties. Thus, the views and recommendations of the Project Directorate were likely to and did generally reflect the views of the contracting parties.
7. Governance for the Project was rendered less effective because responsibility for implementation and effective operation of the governance structures did not reside with the government agency, that is Queensland Health, involved in the Project.
8. This fundamentally weakened the position of the Board: CorpTech always lay between Queensland Health, the Project Board and the true status of the Project.
9. The QHIC Project Board took advice from the Project Directorate, where the technical expertise resided (Shea para 17).
10. So far as they are thought relevant, the circumstances of the re-classification of severity defects are dealt with in paragraphs 85 to 117 of the statement of Ms Berenyi and paragraphs 20 to 24 of the statement of Mr Shea.
11. There had been significant pre go live testing and this was of importance to the Board (see Berenyi paras 157-164).
12. IBM was responsible for managing the decision gates and the process of transitioning from LATTICE to the new payroll solution once UAT4 finished on 22 January 2010. IBM appointed Ms Dann as an implementation manager. Ms Dann prepared a report for each of the decision gates. The Gate Decision Reports were presented to the Board at the Board meetings. The decision gates and their Board approval dates are set out in the statement of Ms Berenyi (Berenyi para 158). Furthermore, throughout the project, in a parallel set of activities to UAT4, the payroll solution underwent a number of verification processes, the results of which are set out in the statement of Ms Berenyi (Berenyi para 159).

13. The evidence shows that the decision of the Board to go live was based on a recommendation by the Project Directorate that it should do so and that the payroll system was ready to go live.
14. The circumstances developed in the following way.
15. At its meeting on 22 January 2010 (TB13 at 174) the QHIC Project Board resolved formally to exit UAT4 and move into technical cutover activities (Shea para 43), with all remaining defects to be managed by a delegated caucus of the Project Directorate through the Solution and Defect Management Plan (Berenyi para 166). The SDM Plan had been endorsed by the Project Directorate at its meeting on 21 January 2010 (Berenyi annexure 21) and defined the plan for the management, governance, classification and post go-live deployment of all system changes and defect items remaining open as at the end of UAT4 (Berenyi para 167).
16. At the QHIC Project Board meeting, there were two briefing notes tabled from the QHIC Project Directorate. The subject of the first briefing note, dated 21 January 2010, was *'Decision required to commence with Simulation 2'* (TB13 at 257). The subject of the second briefing note, dated 22 January 2010, was *'Approval of User Acceptance Testing 4 (UAT4) Exit'* (TB13 at 175) (Shea para 44).
17. The first briefing note recommended as follows:

'That the QHIC Project Board members approve that a system change freeze is put in place at 5pm on 22 January 2010 and Simulation 2 commences on 25 January 2010 as per the agreed project schedule.'

And it concluded:

'The Project Directorate members have reviewed the current status of the project deliverables and agreed that SIM2 should commence on 25th January 2010 on condition that the ATO Super legislative changes, agreed defects and other Deployable System Readiness and UAT4 Exit criteria are completed by 25 January 2010. The PD members are not aware of any risks in meeting these criteria by the agreed date.'

(Shea para 45)

18. In the first briefing note there is discussion about the Defect and Solution Management Plan. The note reads, relevantly:

'A Defect and Solution Management Plan has been approved by the Project Directorate at the 21st January 2010 for the delivery of new requirements as well as outstanding defects.

- *The Project Directorate members own and will maintain full change control of this Management Plan*
- *The Management Plan includes all known Severity 2, 3 and 4 defects as at the 19th January 2010, requests for documentation updates, improvement proposals as well as new requirements*
- *The Management Plan contains different sections based on the priority of the resolution required and includes:*
 - *Defects required for resolution before go-live (to be delivered by end of business 22/01/10 as per cutover plan).*
 - *Defects required for resolution within the first fortnight after go-live.*
 - *Defects/new functionality required post go-live. A release and resource plan will be agreed with all relevant stakeholders prior to go-live'.*

(our underlining)

(Shea para 46)

19. The second briefing note recommended that the QHIC Project Board members agree to allow UAT4 to exit with the process being managed through the Defect and Solution Management Plan. Under the heading 'Issues', the briefing note said:

'UAT test script execution could not be completed by the 15th January due to a number of reasons:

- *The known risk of identifying new defects was realised*
- *The agreed delivery of defects resulted in insufficient time to complete testing*
- *Clarification of issues during UAT and resolution resulted in insufficient time to complete testing*

- *Some defects were awaiting external vendor resolution (SAP and Infor)*'

(Shea para 47)

20. Under the heading '*Current State*' it was noted that a delegated caucus of the QHIC Project Directorate had been meeting daily to develop and manage the Defect and Solution and Management Plan and that the daily control would continue; that the Defect and Solution Management Plan was endorsed by the Project Directorate as at the 21st January 2010; that the Project Directorate now holds responsibility to change control and manage the Plan; and that any issues regarding the plan will be raised with the Board. (Shea para 48)
21. The decisions of the QHIC Project Board in relation to the briefing notes are recorded in the Minutes of QHIC Board Meetings dated 22 January 2010, 27 January 2010 and 29 January 2010. (Shea para 49)
22. The QHIC Project Board relied heavily upon the briefing notes and reports from the QHIC Project Directorate. The QHIC Project Board, on advice, of the QHIC Project Directorate, regarded the Defect and Solution Management Plan as adequate in the circumstances (Shea para 50; Kalimnios T21-108 L5, L30). It was reasonable for the Board to do so. The Defect Management Plan was presented by the Project Directorate as being sufficient to deal with new requirements and outstanding defects. The Project Directorate took "ownership" of the Defect Management Plan.
23. K J Ross & Associates, an IT testing company, had been engaged by QHEST to oversee UAT. K J Ross & Associates produced the '*QHIC User Acceptance Testing, Test Completion Report*' dated 27 January 2010. A copy of that report is at TB13 at 283.
24. That report reviewed the outcomes of the User Testing Completion process and offered an interpretation of the results to assist in the decision to '*Go-Live*'. The report speaks for itself but concluded, relevantly, that it was the recommendation of K J Ross that the project had derived as much benefit from the UAT as is possible given the then current project parameters and that allowing more time for UAT in its current form will not significantly reduce the risks for the system in production (see the Executive Summary). The report continued that the risk for production rollout could be reduced through effort being expended executing a full system and

integration test on the application as a whole. The report recognised that this might not be practical. (Shea para 52)

25. At its meeting of 29 January 2010, the QHIC Project Board (TB13 at 341) considered a Brief for Noting from the QHIC Project Directorate dated 27 January 2010 (TB13 at 321). The recommendations to the QHIC Board asked the Board to note that all Deployment System Readiness Criteria and UAT4 Exit Criteria had been met; that the QHIC Project Directorate approved the commencement of Cutover Simulation 2; and that the QHIC Project Board had endorsed a proposed process for transporting urgent changes into the Simulation 2 environment. The Briefing Note concluded with the following:

'The QHIC Project Directorate members confirmed that all requirements have been met and that Cutover Simulation 2 should commence as scheduled. The PD members endorsed the proposed change control process.'

(Shea para 54)

26. At its meeting of 29 January 2010 the QHIC Project Board, in accordance with the recommendation, agreed to proceed and commence into Business Cutover (SIM2) (Shea para 55).

27. At its meeting of 1 February 2010 the QHIC Project Board (TB14 at 34) considered a Brief for Decision from the QHIC Project Directorate dated 1 February 2010 (TB14 at 143). The QHIC Project Directorate recommended commencement of cutover-technical phase, noting the risk profile surrounding the number of criteria with amber status. The QHIC Project Directorate recommended that *'A full risk profile and subsequent mitigation plan will be presented to the board for approval prior to Gate 2 on 01/03/10'*.

(Shea para 56)

28. The Brief identified all items as *'green'* except for those therein set out as *'amber'*. The Brief concluded that the QHIC Project Members agreed that the abovementioned *'amber'* items were regarded as a *'manageable risk'* and could be completed in time. (Shea para 57)

29. At the meeting on 1 February 2010, a lengthy PowerPoint presentation (TB14 at 148) was made to the QHIC Project Board, seeking approval on the basis (to use the words in the slides): '*confirmation that Deployable System Readiness Criteria is met; confirmation that UAT4 Exit Criteria is met; confirmation that CR206 has been delivered; Simulation 2 Technical Cutover completed successfully; and that final preparation tasks for Technical Cutover complete*'. The presentation was made by Naomi du Plessis (to the best of Mr Shea's recollection, see Shea para 58).
30. The QHIC Project Board at its meeting of 1 February 2010 accepted the Brief from the QHIC Project Directorate and approved entrance into Technical Cutover (Shea para 59, and see 'AJS-12' to Mr Shea's statement).
31. At its meeting of 10 February 2010, the QHIC Project Board (TB14 at 235) considered a Brief for Noting from the QHIC Project Directorate on the subject of QHIC Project Risk Profile (TB14 at 240). The Brief was given to the QHIC Project Board after the K J Ross Report had been tabled before the Directorate. (Shea para 60).
32. The Post Go-Live Defect Management Plan (TB14 at 235) was also tabled at this meeting (Shea para 61).
33. The Defect Management Plan was discussed and the Board agreed with the recommendation of the Directorate to proceed forward with the Plan (Shea para 62).
34. At its meeting on 24 February 2010, the QHIC Project Board (Minutes in TB14 at 433), considered a Brief for Noting (TB14 at 421) from the QHIC Project Directorate on the QHIC Project Risk Profile. The Brief for Noting was compiled by Ms du Plessis (ERP Lead, QHIC Project, QHEST) with input from a number of business and technical experts from QH (including members from QHEST and QHSSP), CorpTech, IBM and QH's independent assurance adviser, Mr Burns (Berenyi para 184). The Brief identified that:
 - a. All risks associated with the pay process were "fully mitigated";
 - b. All risks associated with QH's business readiness were "fully mitigated";(Shea para 64; Berenyi para 184)

35. The report by KJ Ross dated 27 January 2010 was tabled at this meeting. A response to the KJ Ross Report dated 19 February 2010 (Management Response), prepared by Mr Price and Ms Jones from QH, Ms Stewart of CorpTech and Mr Dymock of IBM, was also tabled (Berenyi para 180, 181). (Ms Berenyi's evidence is consistent with that of Mr Shea, who understands that the Management Response report and the K J Ross & Associates report were both tabled at the QHIC Project Board meeting on 24 February 2010 (Shea para 63)).
36. The Management Response was endorsed by the Project Directorate. It provided relevantly:
- a. The Project Directorate agrees that there is a residual risk to continue into production with the number of Sev 2 open defects. However Option 1 (in the KJ Ross Report) presents an equal or greater risk within the legacy system environment to delay the go live, such as the contingency support nature for LATTICE, limited priority 1 support for ESP and the need for additional infrastructure and technical sizing that would have to be undertaken if the Project was delayed;
 - b. QH and CorpTech must rely on the expert assurances and advice given by IBM as the prime contractor that their system testing processes have been extensive and adequate for production purposes;
 - c. Mitigation strategies that have been identified to proceed with Option 2 include:
 - i. A large number of QHEST, QHSSP, CorpTech and IBM resources has been identified to support the end-users post go live and resolve open as well as new defects;
 - ii. Defects with high business impact have been prioritised for resolving as soon as possible post go live;
 - iii. Additional workarounds are being formulated, documented and tested where relevant; and
 - iv. QH agrees to address payroll issues by communication to the workforce through the appropriate channels.

(Berenyi para 181)

37. In addition, IBM's observations concerning the KJ Ross report and contained in the management response were relevant and provided comfort to the Board. For example, IBM was critical of the approach of KJ Ross as simply identifying the number of open defects; IBM said that raw defect numbers do not by themselves provide sufficient context for decision making, risk assessments or any conclusions about systems testing.
38. The Board endorsed the Management Response as recommended by the Project Directorate and agreed the go live date would be 14 March 2010 (Berenyi para 186).
39. On 1 March 2010, there was a QHIC pre-Board meeting (TB15 at 13) for Queensland Health Project Board members only. Mr Shea attended, as did Mr Terry Burns and Shaurin Shah from QHEST. Mr Burns and Ms Shah were in attendance at that meeting for the purposes of presenting the '*QHIC Final Solution Assessment Report 1.0*' (TB14 at 15) (Shea para 65).
40. In their report, Mr Burns and Mr Shah recommended '*Queensland Health enter the production cut over process in order to proceed to go-live, provided all the critical milestones within this process are successfully executed according to the planned schedule and that the risk mitigation plan for the key residual risks is actioned successfully*'. Mr Shea can recall reading the report (Shea para 66). The Executive Summary said:

"The conclusion drawn from the overall analysis contained in this report is that the QHIC SAP/Workbrain solution should provide a lower operational risk to Queensland Health than the current Lattice ESP payroll system, provided that the risk mitigation plan for the key residual risks is actioned successfully.

A specific recommendation to migrate to the new solution under a set of carefully managed conditions is therefore included in the report"

41. Whilst there were still general concerns within the QHIC Project Board that there were risks around '*going live*' it was felt that appropriate mitigation strategies had been implemented and that current project risks were manageable. The imminent failure of LATTICE was also a significant driver to '*going live*'. The QHIC Pre-Board Meeting minutes reflect that '*the group agreed that all of the current project*

risks are manageable and nothing is preventing at GoLive at this stage' (see 'AJS-16' to the statement of Mr Shea).

42. At the Board meeting of 1 March 2010 a submission from the Project Directorate with the subject “Recommendation to commence with Cutover activities” (CCMB 576) was tabled and discussed. The Gate Decision Report titled “Gate 2: Approval to Proceed with Business Cut-over” was also tabled at the meeting. The Gate 2 report sought the Board’s approval to proceed with the transitioning of the business related components on the basis that:
- a. All criteria outstanding after the Board approved Technical Cutover had now been met or were reported to be tracking as expected;
 - b. Implementation readiness checklist criteria had been satisfied or were reported to be tracking as expected; and
 - c. Technical cutover covering Simulation 2; Resources and Back ups confirmed; Cut over task list and timings confirmed; Cut over approval processes agreed had been completed and communicated successfully.
- (Berenyi para 188)
43. The Gate 2 Report showed UAT status was “Green” – completed and signed off. The SDM Plan for all outstanding defects to be rectified including release timeframes was completed and agreed (Berenyi para 188; para 190).
44. The QHIC Project Board met again on 12 March 2010 (TB15 at 146). Mr Burns tabled his report entitled “Critical Milestones Required for go-live” dated 12 March 2010. For each criterion, the report commented that there was an acceptable position to proceed to go-live (Berenyi para 191). The Board discussed the report of Mr Burns extensively. The Board viewed the assurances in Mr Burns’ report as of significance to the go live determination (Berenyi para 192; Shea para 68, which deals with the only amber light).
45. The Gate Decision Report entitled “Gate 3: Approval to Proceed with Business go-live was discussed. The Board’s approval for business go live was sought on the basis that:
- a. Technical Cutover and Business Cutover had been successfully completed and verified; Agency and Payroll (eg payroll and payroll support staff,

communications to staff about go live, training and transition procedures) were completed or on track; post go live support logistics, support procedures and procedures to transfer relevant knowledge about the solution were in place; and

- b. Plans were complete in relation to business continuity, rollback and disaster recovery.

(Berenyi para 193, 194)

46. The only outstanding amber '*traffic light*' related to an issue with the McAfee VirusScan anti-virus software. Mr Kalimnios signed a '*Brief For Decision*' dated 11 March 2010 authorising the temporary removal of the virus protection software (see 'AJS-17' to the statement of Mr Shea).
47. The Board agreed to commence activities associated with business go live and that the Project Directorate and Board members would tele-conference at 7am on Sunday 14 March 2010 to get an update on cut-over activities and subject to this give approval to complete transition into business go live (Berenyi para 196).
48. The Project Directorate met at 6am on Sunday 14 March 2010 to review the status of activities and review the agreed criteria for go live (Berenyi para 198).
49. Mr Kalimnios, Mr Shea and Mr Ray Brown were in attendance at the meeting of the Project Board of 14 March 2013 at 7am. The Project Directorate advised the Board of their recommendation to proceed to business go live on the mitigations being in place for Citrix and all other criteria for go live having been met (Berenyi para 199). The Project Directorate had reported to the Board that "everything was green, it was ready to go". Mr Shea understood he was being told that the system was in fact ready to go live (Shea T22-35 L20-30).
50. Mr Ray Brown indicated that he had been advised by his staff that the mitigations for Citrix were appropriate (Berenyi para 199).
51. The meeting which approved the go live was a joint meeting between the directorate and the Board. Each person in the room was asked whether they were happy to go live. There were no dissenting views (Shea T22-12 L1-10). Mr Shea did not have reservations at the time, because his staff and the directorate as a whole, from a CorpTech point of view, an IBM point of view and Queensland

Health point of view all believed that the system was ready to go-live. There had obviously been significant issues early on, but they had seemed to improve towards the end. There were some defects with work arounds, but it was believed they could be dealt with (Shea T22-12 L10-25).

52. On the recommendation of the QHIC Project Directorate, all members of the QHIC Project Board agreed to '*Go-Live*' with the LATTICE Payroll Replacement Project.
53. Mr Kalimnios went around the table and asked each person at the Board meeting whether they agreed with the go live decision. Importantly, the contracting parties agreed the system was ready to go live. Thus, Ms Berenyi responded "yes" from CorpTech's perspective and that, taking into consideration all the evidence provided to the Board, she considered that the solution was ready to go live. Mr Doak of IBM also expressed confidence that the solution was ready to go live (Berenyi para 197).
54. Mr Shea subsequently signed the Brief for Decision (TB15 at 213, as corrected in the transcript).
55. Before the go live decision, there had been a series of workshops conducted over a series of weeks within Queensland Health to consider each of the defects which were to be the subject of a possible workaround. They were conducted by Payroll and QHEST. The objective of QHEST's involvement was to oversee the integration of the new payroll system for Queensland Health. The workshops were able to call upon the various people with expertise within Queensland Health who might need to consider the fact of the defect, whether it was major or not, and the practicability of the solution. They were able to consult with other people if they needed to for advice about the defect and its solution. Ultimately, the Board was satisfied, or at least were told, that the solutions which had been devised were practical workarounds capable of dealing with the identified defects (Shea T22-33 to 22-34).
56. Mr Kalimnios said that at the time of making the decision to '*Go-Live*', he was conscious that Queensland Health had received a poor quality product in terms of what it should have expected. Indeed, Mr Kalimnios observed, the position the Board found itself was the consequence of many of the issues he had identified in 2008. The circumstances were not ideal, but from the Board's perspective there were limited options (Kalimnios para 58).

57. The Project Board took the decision to go live believing it to be the best decision in all of the circumstances. The Board acted on reports and recommendations from QHEST, IBM, CorpTech, the independent contractor K. J. Ross & Associates and from independent contractors, Mr Terry Burns and Mr Shaurin Shah.
58. The Board understood there were some defects but understood there was a way to manage them (Kalimnios T21-91 L20-35). One of the assurances the Board really did require before it made the go live decision was that the defect management plan was appropriate (Kalimnios T21-108 L5; T21-91 L30).
59. The Board at that time was receiving advice that if the system did not go live in March 2010, then there probably would not be a viable go live date until at least September that year, and potentially longer, depending on how the project could be re-booted (Kalimnios T21-93 L20).
60. Project fatigue was also an important factor (Kalimnios T21-94 L40-50).
61. The Board got to a position where it had very little option but to proceed (Kalimnios T21-95 L30-40).
62. Mr Shea made these points. First, the QHIC Project Board relied heavily upon the advice it received. Not only did the QHIC Project Directorate comprise those with greater technical expertise and access to experts than the QHIC Project Board, it also comprised representatives of the contracting parties whom, one might reasonably expect, would hold each other to adequate performance and who were best placed to assess the status of the project. CorpTech, although not Queensland Health, was nonetheless a government body with relevantly the same interests as Queensland Health. Secondly, while at the time of the decision to '*Go-Live*' it was recognised that risks existed, the QHIC Project Board believed and had been advised that the risks could be adequately managed. Moreover, because of the position the project had developed to, the doubts around the reliability of LATTICE and the absence of any alternative course at that point, while the QHIC Project Board could always have decided not to '*Go-Live*' there was very little option for it but to do so (Shea para 70; Kalimnios T21-95 L30-40).
63. So, at the time of the decision to go live:
 - a. As far as was understood, there could not be done a full parallel test;

- b. There were real doubts about whether LATTICE could be relied upon;
- c. In fact, the Board had been advised that there was an extreme risk of failure;
- d. the Board was not in a position to terminate the contract;
- e. both in 2008 and 2009 efforts had been made by Mr Kalimnios with Mr Reid, the Director General, to effectively extract Queensland Health from the shared services contract;
- f. IBM was recommending to go ahead, as was CorpTech;
- g. The KJ Ross report said that UAT should be exited;
- h. The response report to KJ Ross said that the risk of delaying exceeded the risk of go live;
- i. There was a defect management plan which had been formulated;
- j. People had taken some time over developing that plan. It was a serious plan intended to deal with problems which had been identified;
- k. The Board had been assured the Defect Management Plan would work;
- l. If the system did not go live in March, the next practical option might have been as early as July, but instead perhaps as late as September;
- m. It was costing Queensland Health something in the order of \$1m per month not to go live;
- n. The project had already been delayed significantly;
- o. It had already cost a lot of money and there was no prospect of starting again.

(Shea T22-42 L20 – T22-44 L60; Kalimnios T21-93 L30 onwards; T21-94, T21-95)

64. Mr Grierson said this, in the context of his decision not to terminate the services of Ms Berenyi (at T29-26):

(Mr Flanagan): One final topic, as promised. Mr Reid, as director-general of Health, caused to be terminated the contracts of his deputy director-general and

also Mr Shea. He's given that if he could have caused Mr Price to be sacked or his contract terminated he would have done so. As it was, he moved him to different responsibilities, he also moved Ms Jones to different responsibilities. You received, did you not, as a result of the audit-general's report a letter from the Department of the Premier Cabinet asking what steps you would take in relation to those who had been involved in the go live decision?---Yes, that's correct.

What did you do?---I spoke to Natalie MacDonald, who was my associate director-general, a direct report, and she had CorpTech under her control. She explain to me why she believed the decision had been taken to go live. I then asked Margaret Berenyi to come and meet with me, and I asked her to explain to me why the decision to go live was made, what was it that convinced her because I had spoken to Margaret earlier about things like data conversion, data migration, things that I knew from my experience that the best system in the world, that if the data migration isn't done properly there could be problems. So we spoke about those issues, she then said, "Well, we were told that things like data migration and business readiness were all ready to go, that there were no issues," and I said, "Who told you that," and she produced a document, which I know you have because you've show me, which was produced by, I think, Terry Burns. I'm not sure who presented it to the board, but it's Terry Burns' document, his name is on it. In that document it had for all of those issues green, go live, green, go live. I knew that from the discussions I had subsequent to the go live with the head of premiers and Michael Walsh, who you're obviously talking to, that in fact the data was not good, that there were all sorts of problems with data. My statement gives you examples about that, about no bank codes and so forth in files. So I looked at the documents, I looked at what she presented to me, I looked at the information that she had received as a board member and my conclusion was: if I'd have been a board member presented with information that said, "Hey, this area is responsible for data conversion and this area says it's done," and the quality advisor to the Health department, Terry Burns is saying, "Yes, it is done, it is green, ready to go live," I would have probably said, "That's fair enough, I would have gone live too."

65. There are two things we would wish to raise about that evidence. The first is that the Board had, in effect, been misled as to the state of readiness of the system, in particular in relation to data migration. It is one thing to say the Board could or should have done more, knowing what they did about the risks. But Mr Grierson's point is that the Board was, as hindsight suggests it must have been, misled about the state of readiness of the system. Secondly, and whatever the rights and wrongs of it, Mr Grierson extended to Ms Berenyi a degree of empathy which Mr Reid was not prepared to extend to Mr Kalimnios and Mr Shea.
66. The decision of the Board to go live must be viewed in the context in which it was taken. In particular, it must be viewed in the context of a failing LATTICE system; significant delays and increased expense; and in the context of advice from the Directorate and from experts that go live should be approved. There was, in all of the circumstances, a reasonable basis for the Board to approve go live.

Did Mr Kalimnios and Mr Shea take sufficient steps to bring to the attention of the Director General of Queensland, the problems which had been made known to them (including by Mr Price) about the potential shortcomings in the system?

67. It is of importance to note that Mr Shea did not report to Mr Reid so could not directly affect Mr Reid's views or directly brief Mr Reid (except on a few occasions when he acted in the role). Consequently, all briefings were performed by Mr Kalimnios.
68. It is submitted that Mr Kalimnios (and, so far as may remain relevant, Mr Shea) took sufficient steps to bring to the attention of the Director General of Queensland, the problems which had been made known to them (including Mr Price) about the potential shortcomings of the system.
69. Moreover, it is submitted that even had something further been done, it would not have made any difference. Mr Reid showed little interest in the Project; Mr Reid was well informed as to the Project; Mr Grierson was well informed as to the Project; and the government was unlikely ever to withdraw from the position first taken that IBM should finish the payroll implementation.
70. The issue developed in the following way.
71. On 29 August 2008 Mr Kalimnios approved a Briefing Note for Approval which had been drafted by Terry Burns, QHEST Program Director (TB 5 at 294). The Briefing Note set out a number of issues which had arisen together with background to them, potential impacts, and a proposed course of action. The document reflected Mr Kalimnios' understanding and opinions at the time. One of the proposed actions was that Queensland Health separate itself from the whole of government program and CorpTech's administration of it immediately and engage directly with contract companies. In the event that that recommendation was not followed, Mr Kalimnios recommended that Queensland Health engage with IBM directly and negotiate new contractual terms and conditions (Kalimnios para 25).
72. The Briefing note reflected Mr Kalimnios' view that the tri-partite arrangement between IBM, CorpTech and Queensland Health was causing problems: it was causing delay and issues in terms of Queensland Health managing IBM as the program deliverer (Kalimnios T21-101- 102). This theme, that is, the ineffectiveness of the three party arrangement, was one constantly discussed

between Mr Kalimnios and Mr Reid as far back as August 2008 (Kalimnios T21-102 L25-50).

73. Mr Kalimnios supported the Briefing Note for Approval, that is, was seeking the Director General's approval of the recommendation (Kalimnios T21-99 L1-5)
74. This was an important document, crafted at an important time. As Mr Kalimnios put it, "there still was an ability for us, in my view, at that time to deliver something that was viable and workable" (Kalimnios T21-117 L 25). As matters eventuated, Mr Reid said "no" to the recommendation (Kalimnios T21-86 L20).
75. Mr Kalimnios subsequently met with Mr Reid, and then Mr Reid and Mr Grierson.
76. Mr Kalimnios met with Mr Reid on or about 3 September 2008. Mr Kalimnios regarded the briefing note as containing matters of real substance and importance (T21-115 L45) and described the meeting as "a fairly significant meeting". There were dramatic recommendations being made; Mr Kalimnios took Mr Reid through the briefing; why we wanted to move forward as was being recommended; and it was agreed that Mr Reid and Mr Kalimnios needed to meet with Mr Grierson (T21-115 L30-40).
77. Mr Reid recalled Mr Kalimnios discussed with him at this meeting the difficulties that Queensland Health were encountering in having CorpTech involved in the contractual arrangements as between IBM and the Queensland government (Reid T22-51 L1-10; T22-54 L30-40).
78. Mr Kalimnios raised the substance of the briefing note at the meeting with Mr Reid and Mr Grierson (Kalimnios T21-117 L50). Mr Reid was supportive of the brief, but wanted to take direction from Public Works, given that department was the contractor and responsible for the delivery of the contract (Kalimnios T21-117, 118).
79. Mr Reid said that at this meeting concern about the ongoing viability of maintaining LATTICE was discussed; that there was concern expressed about delays that were being experienced; and there also was discussed the appropriateness or otherwise of terminating the contract and following the steps outlined in the memo (Reid T22-56 L1-15). Mr Reid agreed that Mr Grierson brought to Mr Reid's attention that there had been in December 2007 a joint decision of Directors General that there would be a whole of government roll-out of

the share services initiative; and that Mr Grierson conveyed the message that Queensland Health were not going to “go it alone” (Reid T22-55 L25). Mr Reid took that as a government decision (Reid T22-55 L35).

80. Mr Grierson agreed that Mr Kalimnios and Mr Reid told him at this meeting that Queensland Health wanted to go it alone (Grierson T28-94 L10). Mr Grierson said, however, that he did not say “no” – it was not his place to do so – but rather would have said, in effect, this is government policy, if you don’t like it go and talk to your Minister (Grierson T28-94 L35-50). Mr Grierson also said that he knew in December 2008 that the Education Department and Queensland Health were keen to get out of the whole of government arrangement (Grierson T28-113 L20-30); and that Reid and Kalimnios raised with him the difficulties they were having with IBM (Grierson T29-15 L50).
81. Mr Grierson was not sure whether he raised with his Minister the concerns expressed by Mr Reid and Mr Kalimnios, although he thought so (Grierson T28-113, 28-114).
82. To the best of Mr Kalimnios’ recollection, the response to the Briefing Note which he approved on 29 August 2008, was that Queensland Health had no alternative but to continue as part of the whole of government solution. Mr Kalimnios’ recollection is corroborated by page two of *'QHIC (QH only) Release Steering Committee Meeting Minutes'* dated 10 December 2008 (TB7 at 281) which states that Michael Reid, Director-General and Mr Kalimnios *"met with Mal Grierson over previous weeks and have been told to stay with IBM and CorpTech."* (Kalimnios para 26; see also T21-118 L 5-10, T21-100 L10-20).
83. That evidence is consistent with the evidence of Mr Grierson, who said “the issue was: do we have to stay with IBM and be part of this roll-out”. Mr Grierson’s reaction to that would have been, “Look, that’s what we’ve got. There’s a contract with the government ... but if you wish to get out of it, do what any other department would do; go get your minister, go back to cabinet to change it” (Grierson T29-16 L1-10; T29-33 L20-30).
84. On 29 September 2008 Mr Kalimnios cleared a Briefing Note from Peter Douglas, Acting Deputy-Director, Corporate Services, which was sent to the Director-General (TB 6 at 195). The purpose of this Briefing Note was to advise the Director-General of developments relating to the whole of government SAP system

implementation. The Briefing Note was sent after the meeting between Mr Grierson, Mr Reid and Mr Kalimnios (T21-116 L8). Mr Reid suggested it was more moderate in tone than the briefing note of 28 August 2008 (T24-59 L1-5); Mr Kalimnios said it reflected the clear direction given by Mr Grierson to get on with business and do what needed to be done to make the project work (T21-116 L10 – L22).

85. The evidence suggests Mr Reid was accepting of what he was being told by Mr Grierson (T21-116 L33). Mr Kalimnios, although a little unwillingly, expressed the view that, had he been Director General of Health, he would have taken the issues to the Minister (Kalimnios T21-116, 117).
86. When the government abandoned the whole of government shared services solution and decided that IBM would be engaged to provide the payroll solution replacement for Queensland health, there was an opportunity to revisit Mr Kalimnios' suggestions, but the opportunity was not availed of (see Perrott, T23-80 L50, 23-81). There was no consideration given by Mr Grierson at about 29 January 2009 to permit Queensland Health to contract directly with IBM (Grierson T29-20 L5).
87. Mr Grierson said that it would have been difficult for government at that point in time to let Health go in a different direction (Grierson T29-38 L10).
88. In late June, early July 2009 Mr Shea or Mr Kalimnios requested Mr Price, Director of QHEST, to prepare a Brief for Noting to the Minister for Health. The trigger for the Brief was that significant issues were being experienced with IBM and the implementation of the project generally (Shea para 29; Kalimnios para 35). The purpose of the Briefing Note was to inform the Minister of the significant issues that had arisen between IBM, CorpTech and Queensland Health in relation to the QHIC project (Shea para 29).
89. On or around 6 July 2009 Mr Kalimnios received the '*Brief for Noting*' from Mr Price, which was addressed to Paul Lucas, Deputy Premier and Minister for Health (TB9 at 240). Mr Kalimnios said that the Briefing Note reflected the facts as he then understood them to be and also the concerns that he had at that time (Kalimnios para 35). It also generally reflected the views of Mr Shea (Shea T22-27 L10).

90. In its draft form, the *'Brief for Noting'* contemplated clearance by Mr Shea, Executive Director, by Mr Kalimnios as Deputy Director-General of Corporate Services and ultimately the endorsement and signature of Mr Michael Reid, Director-General.
91. To the best of Mr Kalimnios' recollection, he did not send the *'Brief for Noting'* to Mr Reid or to Mr Mal Grierson, Director-General of Public Works. To the best of his recollection, Mr Kalimnios decided not to send the Briefing Note to Mr Reid because, after consultation with Mr Shea, he thought that given the impact of the issues raised, and their desire to maintain and support the whole of government position, it was more appropriate to address these issues directly with Mr Reid, and for him to discuss those concerns directly with Mr Grierson with the objective of achieving a joint Queensland Health and CorpTech position, before escalating the issue formally to Ministerial level (Kalimnios para 37; see also T21-86 L50).
92. Mr Kalimnios should not be criticised for not sending the Brief for Noting to Mr Reid. At the time the decision not to send it was one, reasonable, manner in which to approach the issue. He raised the substance of the issues in meetings.
93. The Commissioner asked Mr Kalimnios what Mr Kalimnios hoped would come from the memo. Mr Kalimnios said he saw it at the point of "the last throw of the dice". There were still problems in the relationship between IBM, Queensland Health and CorpTech. The system was not being delivered. Queensland Health thought it would be more effective if it was to take direct control and perhaps look at doing things differently. It was hoped to achieve a discussion at senior level, ministerial level, about how that might be moved forward. Mr Kalimnios hoped the Ministers would make some decisions about whether to continue with IBM; whether the contract should be stopped; whether the contract could be reformed or renegotiated as a Queensland Health contract with Queensland Health as the contractor and the client. There had by then been all sorts of discussions internally in Queensland Health about things which could be put in place quickly around both the rostering system and the payroll system. (Kalimnios T21-100 L45 – T21-101 L40).
94. Mr Kalimnios met with Mr Reid and discussed the substance of the Brief (Kalimnios para 37; see also T21-88 L1-5). In particular, during his discussion with Mr Reid, Mr Kalimnios informed Mr Reid that the go live date had been delayed

and that IBM had failed to deliver against the Project Schedule, resulting in additional costs being incurred by Queensland Health. Mr Kalimnios also said that there was a high level of Severity 1 and 2 level defects being experience in User Acceptance Testing which required manual work arounds. Mr Kalimnios believes that he made it clear to Mr Reid that the quality of the solution build was not high and that unless all the defects were identified and rectified prior to go live there was a risk that payroll calculations may be incorrect, resulting in either under or over payments to employees (Kalimnios, second statement). Mr Reid found the issues to be of significance and agreed with Mr Kalimnios to meet with Mr Grierson (Kalimnios T21-88 L10). (Mr Reid's recollection of what he was told by Mr Kalimnios is different (see exhibit 91).

95. Mr Reid agreed that at about the time of the Price memo of early July 2009, Mr Reid was made aware from the conversations he had with Mr Kalimnios that he believed that there were serious problems with the quality of the product being delivered (Reid T23-31 L1-5).
96. Shortly thereafter Mr Kalimnios had a meeting with Mr Grierson, Director-General, Department of Public Works and Mr Reid, Director-General, Queensland Health and discussed the substance of the '*Brief for Noting*' with them (Kalimnios para 38; see also T21-88, T21-119, 120). Mr Kalimnios described the meeting as in the nature of a repeat of the meeting a year before (Kalimnios T21-120 L25). A number of matters were discussed: extending the LATTICE contract; whether there would be a re-engagement with IBM (by, it might be inferred, Queensland Health); whether QH could extract itself from the contract; whether QH could engage IBM directly; or engage another contractor (Kalimnios T21-120, 121). The problems Queensland Health were experiencing in a contractual arrangement which did not permit it to control the product being delivered to it were neatly identified by Mr Grierson at T29-53, L40, where he said:

Q: I don't want to vex you, but equally, there was no occasion ahead of change request 184 and after change requests 60 and 61 where you said to Queensland Health, "That's it. No more scope change," for the same reason?---Well, I was not in a position to tell Queensland Health whether there should or shouldn't be changes. That was the responsibility of Queensland Health. I didn't know their business. If their business - if their director-general is negotiating with the Commonwealth on Health state financial agreements and there were changes out of that then there were changes out of that. That wasn't my call.

97. In broad terms, Mr Reid said he could not recall these matters being raised, although he would not deny it being so (Reid T 23-28). Mr Reid gave evidence that at the meeting he and Mr Kalimnios were trying to express their concerns of the lack of responsiveness of either CorpTech or IBM to Queensland Health's needs in the matter (Reid T22-66 L10-20).
98. The result of the meeting was much the same as the result of the meeting a year before. It was made clear to Mr Reid and Mr Kalimnios that "the contract was the contract". The contract needed to be managed as it was. Mr Grierson undertook to talk to IBM at a senior level (Kalimnios T21-121 L 15-25). Mr Kalimnios understood at the time that, as a result of this meeting, a high level discussion between the Director General of Public Works and IBM took place (Kalimnios para 39).
99. It is worth noting, as a matter of context, that Change Request 184 was signed off on 30 June 2009.
100. To Mr Kalimnios' knowledge, neither the briefing note nor its contents came to the attention of the Minister for Health at any time before the system went live in March 2010 (Kalimnios T21-88 L30).
101. By this time, the prospect of Queensland Health one way or another going its own way was remote. Mr Kalimnios recognised that it was a different situation from that which existed a year earlier (Kalimnios T21-117 L 30), although he did regard the moment as "the last throw of the dice" (Kalimnios T21-118 L20). Mr Schwarten considered about that at around September 2009 IBM were so far down the path of implementation that removing them entirely would be too difficult (Schwarten para 23). Ms Bligh said that (at about that time) the prospect of being able to quickly and effectively replace IBM, given the complexity of the task, seemed a very slight one (Bligh para 48(e)).
102. Indeed, on 21 September 2009 the Cabinet Budgetary Review Committee resolved that IBM would be kept on for the purpose of rolling out the project (Reid T22-77 L15).
103. There are two further Briefs for Noting worthy of comment. First, a Brief for Noting dated 26 October 2009 (Volume 11 p295) addressed from Director QHEST to the Deputy Premier and Minister for Health. Mr Lucas. And, secondly, a Brief

for Noting dated 17 November 2009 (BRO43193), which can be found at exhibit number 75 in the un-paginated exhibits to Mr Price's statement (it is not in the tender bundle). They are in very similar terms and note, among other things:

- a. That the original project deadline was in 2008;
- b. That there had been significant delays;
- c. That the User Acceptance Testing stage had been subject to extension on a number of occasions;
- d. That the QHIC Project Board met on 10 October 2009 to assess the progress of User Acceptance Testing. The Board agreed that the criteria for exit of UAT had not been met, for the following reasons:
 - i. only 5 of the 15 exit criteria was considered to be complete;
 - ii. there were 62 Severity 2, Priority 1 defects open. These defects are defined as affecting net pay;
 - iii. there were a large number of test scripts that were impossible to complete successfully due to defects that were identified. It is unknown what defects may still be discovered when the test script is fully executed to the end;
 - iv. Queensland Health agreed to investigate additional workarounds for a further 35 defects which had not been resolved in order to reduce the number of defect fixes required for the end of UAT. These 35 potential workarounds had not been analysed and would have had to be added to the other 35 workarounds which have been identified, but not already tested.
- e. that the Board had extended UAT so that the criteria could be met;
- f. that as a consequence a system go live was not possible in 2009; and
- g. that the current payroll system (LATTICE) was unsupported and that "the failure of our current payroll system remains a significant risk for the organisation".

104. There was some confusion in the Department concerning the status of the two briefing notes. That is evidenced by the email dated 4 December 2009 from EDCS_Admin, signed “Margot”, to DDGCS_Correspondence (Jacqui) attached to the statement of Mr Price. Of the two briefing notes, one was submitted and cleared by Mr Shea, and the other was cleared by Mr Kalimnios. The email proposes that Mr Peterson meet with Mr Kalimnios to “clarify need to provide updates to the correspondence as requested by the office of the DG”.
105. The evidence suggests the Brief for Noting dated 26 October 2009 (BRO43345) was in fact sent to and returned from the Director General’s Office – see email from Jacqui Collard DDGS Correspondence to QHEST dated 2 December 2009, attaching BR043345 “which has been returned from the DG’s office requesting amendments” (email attached to affidavit of Mr Price) and Brief for Noting BRO43345 which follows, with handwritten amendments. It is possible that the handwritten notes are those of Mr Lucas’ policy adviser, Mr Broughton (Lucas paragraph 50).
106. The evidence suggests in respect of the Brief for Noting dated 17 November 2009 (BRO43193) that:
 - a. It was sent to the Director-General’s office and returned with requests for changes – in the emails attached to Mr Price’s affidavit, there is an email dated 13 November 2009 to “DDGS-Correspondence” which refers to “changes requested by the DG’s office”;
 - b. There were requests for extensions to deal with the change requests – see emails concerning BRO43193 at around 20 November 2009, exhibited to Mr Price’s affidavit;
 - c. It was sent to “EDCS-Admin” on 1 December 2009, noting it had been “cleared by Michael Kalimnios as at 1/12/2009” – see email of that date, from Jacqui Collard, DDGCS Correspondence. EDCS means Executive Director Corporate Services;
 - d. It was received at the office of the Director General on 1 December 2009 – there is a copy of the Briefing Note dated 17 November 2009 (BR043193) attached to Mr Price’s affidavit;

- e. It was endorsed by Mr Reid, albeit by a signature on his behalf (on the same iteration of the Briefing Note bearing the received stamp of 1 December 2009, there are handwritten notations and a signature apparently on behalf of Michael Reid on the third page and dated 11 December 2009);
- f. It was considered by the office of the Deputy Premier and returned for more information – on the same iteration of the Briefing Note bearing the received stamp of 1 December 2009, there are handwritten notations. There is an email dated 24 December 2009 from QHEST (Jacqui Collard) to DDGCS_Correspondence (Lianne) saying “Please find attached BR043103 which has been returned from the Deputy Premier’s office for amendments” (see emails attached to Mr Price’s statement);
- g. Mr Reid said that in the ordinary course a briefing note being sent from the director of QHEST to the Deputy Premier would go through him (Reid T22-75 L40).

107. In any event:

- a. Mr Reid agreed that it was brought to his attention that a number of go live dates had been missed by IBM (Reid T22-76 L10);
- b. It is plain that during this time he knew there were defects, although Mr Reid believed the number of defects was diminishing (Reid T22-76 L20-30);
- c. Mr Kalimnios had spoken to Mr Reid, if only in very general terms, about the reclassification of defects; that some of the severity criteria were changing (Reid T22-76 L30-40);
- d. Mr Reid was informed by Mr Kalimnios that the delay to the go live was because the product was not ready and was failing tests (Reid T23-29 L53). That is, at about the time of the Price memo of early July 2009, from the conversations he had with Mr Kalimnios, Mr Reid agreed he was made aware that there were in Mr Kalimnios’ belief serious problems with the quality of the product being delivered (Reid T23-31 L1-10);

- e. In the lead up to go live, Mr Reid accepted Mr Kalimnios advised Mr Reid that there were problems, although he understood they were being managed by the Board (Reid T23-31 L30-40).
108. Mr Grierson was also well aware the project was risky. Mr Grierson said:
- a. By 12 February 2009 the replacement of the payroll at Queensland Health was the most risky project the Queensland Government had identified in relation to the whole of government solution (Grierson T20-7 L1);
 - b. That there was by that time an extreme sense of urgency in relation to having the LATTICE payroll system replaced (Grierson T29-7 L12);
 - c. That he knew since day one (in July 2008) that this was a risky project and it just got riskier (Grierson T29-7, T29-8);
 - d. That he knew in February 2009 that this was a very complex and risky project (Grierson T29-8 L12).
109. Notwithstanding that, no consideration was given by Mr Grierson in January 2009 to permit Queensland Health contract directly with IBM (Grierson T29-20 L5).
110. Mr Reid also agreed, with hindsight, that a number of the reasons the Auditor-General found for the poor implementation of the new payroll system were matters raised with him by Mr Kalimnios in August 2008 (Reid T23-23, 24).
111. Thus, Mr Reid agreed the following matters were raised with him by Mr Kalimnios:
- a. the fact that the responsibility for implementation and effective operation of the governance structures should be performed by government agencies involved in the project (Reid T 23-23 L10);
 - b. that the arrangement involving IBM, CorpTech and Queensland Health created difficulties in resolving issues that arise in contract management and there was also a potential for conflict of interest was a matter raised by Mr Kalimnios (Reid T23-24 L21);
 - c. broadly, that the arrangement meant various parties were not clear about their responsibilities, authority and accountabilities, resulting in confusion

surrounding the control and approval processes of the project was raised by Mr Kalimnios (Reid T23-24 L30-40);

- d. that it was not clear which accountable officer had responsibility for the overall governance and successful completion of the whole project (Reid T23-24 L55).

112. In the context of the issue being addressed, it is worth noting the attitude of Mr Reid to the briefings and to the issue of the implementation of the new system generally. In broad terms, Mr Reid did not regard the project as his responsibility and tended to deflect responsibility for its failings to others. He said words or words to this effect during his evidence:

- a. I had people who reported to me who had particular skill sets that I did not have and I depended on a wide variety of people to undertake their role (Reid T22-58 L10-20);
- b. I didn't think that this was an (issue) to which I could make a useful contribution other than to support the people who were there to do the job (Reid T22-58 L10-20);
- c. That this was not an issue I would have tended to have a long conversation with the Minister about on the expectation that the issues would be resolved where they should be resolved (Reid T22-58 L40-50);
- d. I don't think I ever should have taken control of this particular project because that wasn't my role in the agency (Reid T22-60 L10-20);
- e. I didn't say "no" to Mr Kalimnios' suggestion Queensland Health extricate itself from the arrangement. It was a decision made when he and I went together to Mal Grierson who said, "No you can't get out of this contract and IBM is where the government decision is made" (Reid T22-61 L10-25);
- f. No, apart from going and seeing Mr Grierson, I did not take any other action apart from trusting Mr Kalimnios and his good judgment in relation to the concerns he was expressing to me. And I think it would be fair to say that Mr Kalimnios did not ask me to take any other action (Reid T22-63 L20-30);

- g. I didn't meet with IBM people and I can't recall contemplating to meet with them because that was an issue, in my understanding at that stage, for Mr Grierson and IBM (Reid T22-63 L35-40);
 - h. What caused you not to take the advice in the 28 August 2008 Briefing Note for Approval?...Again, as I indicated yesterday, I do believe still this was outside my scope of responsibility (Reid T23-15 L1)
 - i. I was remote from the decision making process (Reid T23-38 L30-35);
 - j. In effect, Mr Reid did not get more involved in the payroll implementation because the payroll issue did not play to his skill sets; they were more of a technical nature and contractual arrangements that would have taken him away from what was expected from him (Reid T23-58 L50 to 24-59 L5).
113. Mr Reid accepted that he could have been more vigorous in trying to find out what would be the issues on go live (Reid T22-115 L18).
114. It is submitted that Mr Kalimnios and Mr Shea did that which was reasonable to bring to the attention of the Director General the problems with the payroll system. The Director General gave evidence that he believed that, although there were problems with the system, he understood they were being dealt with. That was, in effect, the belief of the Project Board – that was the advice being given to it by the Project Directorate. Mr Kalimnios had ultimately to work within the constraints of the decisions made in respect of the concerns he raised – to stay in the same contractual structure (see, for example, Perrott T23-86 L20-30, T23-87 L1-40). Mr Price summed it up well when he said, at T21-15 L1-10):

And now it seems with respect to the Workbrain testing as well?---There's undoubtedly a compromised situation occurring as pressure mounted around schedules, costs, the ever-present threat of LATTICE collapsing, and particularly, from my own point of view, having put forward on two separate occasions what should happen. So in 2008 we told the director-general that we needed to get out of this, we needed to remove ourselves from the IBM contract and our relationship with CorpTech. That was effectively ignored. We did it again in 2009; again that was ignored. So our options have been cut off, we're virtually told to make the best we can of this thing and so that put us in a situation where compromise was the only way to go to be able to keep on going and avoid the LATTICE risk, and I think that's true of most of 2009.

You said "been told", and I know you were speaking only in a general sense, but who are you really referring to when you say - - -?---I guess I'm referring to the fact that no response - when I asked for a thing to happen and a recommendation, when the three senior members of the corporate services asked the DG to do something and there's no response you've got to take that as a negative. When the 2009 document, which I understand may not have been brought forward, but certainly in my view it was verbally put forward - again there was no response about all those issues raised in 2009. That to me - the view is, "Just stick with what you've got, make the best you can of what you've got," and I guess that's what we did.

115. There must be real doubt as to whether anything further would have made a difference. Mr Reid and Mr Grierson showed no sign of wishing to elevate the matter to their Ministers, although they well understood if Queensland Health was to go its separate way that would have been necessary.

Particular matters concerning Mr Brown

116. The following is from Mr Brown's statement.
117. Mr Brown attended nine of the twenty-three meetings of the QHIC Project Board between 19 October 2009 and 14 March 2010. A list of the meetings attended is at RJB-1 to his affidavit. He had been advised in an email from Tony Price of 21 October 2009 that he had delegated the QHIC Project Board meetings to Mr Brown for the remainder of 2009 and that the Board would be pleased to have Mr Brown attend their meetings "when your schedule allows you to do so".
118. Mr Brown's first direct involvement with the new payroll system occurred in October 2009. At that time the proposal was for a go-live on 16 December 2009. Mr Brown contacted Mr Shea to express his opinion that a go live so close to Christmas was not a good idea. Mr Shea then invited him to attend the QHIC Project Board meeting later in October 2009. Mr Brown's understanding was that Mr Shea had invited him to the meeting so that an issue he had raised regarding the proposed December go live date could be considered by the QHIC Project Board and so that he could advise the Board about any other issues within his domain of responsibility, namely ensuring that the Queensland Health technical environment would enable staff throughout the State to access the payroll application.

119. Mr Brown attended his first meeting of the QHIC Project Board on 19 October 2009.
120. Mr Brown understood the QHIC Project Board was interested in his input concerning the Queensland Health Information Division's contribution to the patrol project. The invitation to attend meetings was not interpreted by Mr Brown as making him a member of the QHIC Project Board.
121. Mr Brown participated in the teleconference of the Board on 14 March 2020. In signing the Brief for Decision dated 14 March 2010 on 18 March 2010, Mr Brown's understanding was that he was certifying that the area of his responsibility was ready to proceed to go live. He was not certifying that the payroll application was ready to proceed to go live.

ROGER N TRAVES QC

11 June 2013

Counsel for Mr Kalimnios, Mr Shea and Mr Ray Brown