



## SPARK AND CANNON

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Telephone:

Adelaide	(08) 8110 8999
Brisbane	(07) 3211 5599
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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 14/05/2013

Continued from 13/05/13

DAY 29

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**GRIERSON, MALCOLM** called:

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: Thank you, Mr Commissioner. Yesterday, Mr Grierson, I was asking you about a meeting you had with Mr Salouk and others, including Ms Turbit, your then assistant deputy director, at the CBD restaurant on 12 February 2009 and I showed you one document to put that meeting in context. Can I show you another document then? It's at volume 8, page 98?---Yes.

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These are the executive steering committee minutes for 29 January 2009, and if you look under the heading "Business solution program way forward", you'll see Barbara Perrott advised that the premier, the minister and the director-general of the Department of Public Works had met to discuss the proposed way forward.

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*Mal Grierson, as the responsible CO for the program subsequently met with Tony Monroe, business development executive public sector IBM, and Bill Doak, program director of IBM, and instructed IBM to proceed with delivery of the QH LATTICE interim solution only. There may be some consideration or further engagement after this work has been completed.*

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If you could just note that, but at this stage that you have the meeting with Mr Salouk at the CBD restaurant on 12 February 2009, a decision had been made as between the premier, yourself and Mr Schwarten, your minister, simply to have IBM proceed with the QH LATTICE replacement. Yes? ---Is the meeting with Mr Salouk in February?

In February 2009?---There was one in December.

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We've dealt with the one in December?---Okay, there's another one.

There's another one I'm dealing with, and it's at the CBD restaurant on 12 February 2009. You knew at the time that you attended this meeting with Mr Salouk that a decision had been made as between the premier, yourself and Mr Schwarten that IBM would only be proceeding with the QH LATTICE replacement project. Yes?---I think that's probably right.

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All right. Ultimately, that's documented in a cabinet review?---Cabinet submission.

Submission of 21 September 2009, but a decision had been made to proceed that way?--Yes. 1

As early as 29 January 2009?--I think that's correct.

At the meeting with Mr Salouk at the CBD restaurant, can I suggest that Mr Salouk said to you words to this effect, that he didn't believe that it was appropriate as what he described as a "quick win" to give IBM only Queensland Health project to complete?--I don't remember that. I don't recall the meeting, actually. So? 10

And what I'm suggesting is that Mr Salouk said to you, "It was too high a risk to give IBM the Queensland Health project and only the Queensland Health project." Do you recall words to that effect being said to you?--No, I don't, but if he did, and I can't recall so I'm not disputing it, but why would Mr Salouk - why would I - I mean, what information did Mr Salouk have to be able to tell me what was or wasn't a risk? 20

What I'm suggesting to you though is that he was warning you that it was too high a risk in relation to Queensland Health in terms of the budget and the timing that IBM had proposed for that project to be done?--And I think you raised this suggestion yesterday and I think my answer then was and still is: I didn't need Mr Salouk to tell me what was a high risk, I mean he did not have all the information at his disposal to be able to make that sort of a judgement. 30

My question is more narrow, my question is whether you recall Mr Salouk saying words to that effect to you?--No, I don't.

I'm suggesting to you that he did actually say to you that simply giving IBM the QHIC project to complete in the budget and the timing that had been proposed was too risky?--No, I don't recall that, but if I might add that doesn't make sense because narrowing the field for IBM just to help would have been less risk, I would have thought, than having IBM do Health and Education. 40

I suggest to you that Mr Salouk was actually identifying Queensland Health payroll replacement project as the most risky project that was facing the Queensland government in terms of the roll-out?--As far as ICT roll-out, he is absolutely correct, it was the most complex and risky.

And you knew it was the most complex and risky. Yes?--I certainly did. 50

You said words to this effect to him, that you told him that the government had IBM on a watertight contract. Do you recall saying that to him?--No.

All right. Did you believe at the time, that is, at 12 February 2009, that the government had a watertight contract with IBM in relation to the QHIC project?---I knew from the advice I'd received right back in July, late, when we took this thing over that the government's contract was for IBM to deliver the payroll for Health. I did not expect, and I think I read somewhere - in fact I know I read - that John Swinson from Mallesons believed it was one of the best contracts he'd ever been involved in.

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But did you, yourself, believe that you had a watertight contract with IBM to deliver Queensland Health?---Well, I didn't read the contract and I'm not a lawyer so I go on the advice of the people who advise me, but certainly the advice that I had, including from Mallesons, was that this was a very good contract with IBM.

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Right?---So "watertight" is no a word that I would use but I understand what you mean.

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Just assume for present purposes that you said to Mr Salouk, "I've got a watertight contract for IBM." Apart from what Mr Swinson told you, what would be the basis of such a belief?---Let's just look at that assumption. The first thing is Mr Swinson didn't tell me anything, I read in a memo that Mr Swinson had said that so I had - - -

COMMISSIONER: That's recently, is it?---Pardon?

Is that recently? Is it recently you read that?---I think I read that at the time, but certainly I've read it since. I was aware that Mallesons were advising Treasury right through that, and some of my people did tell me that Mr Swinson was - I don't think I've ever met Mr Swinson - but let's assume, go back to your assumption, that I had been told that. I do not agree that I would use the word "watertight contract", that's not something I would have said, but I did know, or I was of the belief, that we, the government of Queensland, had a contract with IBM which was - I would use the word "solid".

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MR FLANAGAN: Solid? Now, I'm just trying to test the basis of that belief of yours as at 12 February 2009, that the contract you had with IBM was solid in terms of having IBM perform on time and on budget?---My belief would have been based only on the fact that I would have been told that information by my senior people, or Treasury senior people, who have been involved in the contract.

COMMISSIONER: Did you ever change your mind about the quality of the contract during the course of its performance?---I'm not a lawyer, Commissioner, I wouldn't know.

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No, I'm not talking about its precise terms. As the months went by and the cost went out, did you ever pause to consider that the contract might not have been as good as you thought?---Well, the only way I can answer that, Commissioner, is that I had, as I said yesterday, thousands of contracts under my control but most of them are building contracts. So I'm familiar with how building contracts work, and the biggest problem you can have with a building contract of the builder ever is to not define your scope up front.

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You told us that yesterday. I've sat here for weeks, Mr Grierson, and public servant after public servant has told me that, no-one ever seems to have grasped metal. In the end someone had to. Who should that have been? ---Grasped the metal?

The metal?---The metal?

Of scope?---I guess the people dealing with it should have, but certainly I think I told you yesterday that when I got the contract my minister and I were concerned about scope, so we grasped the metal in the sense that we asked the senior people in CorpTech, "Has the scope been locked down?" Answer, "Yes, change request 60, 61 locked down." Then it changed again, so we asked again in September, "Freeze the scope, okay? Is it now frozen?" "Yes." Right, guess what, more changes occurred, so again in January, "Can we freeze this scope?" "Yes, it is now frozen, we've got 184 statement of works," or, "Change request 184, it is locked down." Then it changed again, so you can grasp the metal but if the goal posts keep moving and you're not there dealing with it there's not much you can do about it.

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But someone surely had to?---Who was that? I don't know who could have done that.

The thing is, in the end, see the point in your direction, public servant after public servant have told me that they had concerns, they had frustrations, they raised it with their superiors. In the end, you'll see we're getting to that line?---That's right.

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MR FLANAGAN: Can I suggest to you that Mr Salouk said to you that the Queensland Government doesn't just want to be relying on a contract with IBM or whether that contract is solid, or whether that contract is watertight when it comes to the payments of doctors and nurses of Queensland Health being correct?---Look, Mr Flanagan, I don't recall the meetings, I don't recall them saying that, but that's fair comment. If he did say that, that's fair comment.

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See, what Mr Salouk was suggesting to you is that a contract is not sufficient to ensure that employees of Queensland Health, which was 78,000 or so at the time, as you've told us, whether they are correctly paid or not depends whether you have a belief that IBM can deliver on time and on budget, and indeed do the job in relation to the payroll solution, and that's exactly what he was warning you about, wasn't it?---And I repeat to you: I did not need Mr Salouk to warn me about that. If he did - - -

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Quite?---No, because I know that's the case.

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Quite. I know that's confirmed?---(indistinct) there's not a contract - the contract isn't the only thing that required. And if you recall my evidence yesterday, I told you that I believed that IBM were capable of delivering this; I didn't need Mr Salouk to tell me that.

But what Mr Salouk is doing is simply identifying risk here, isn't he? Had a conversation with you. Yes?---What Mr Salouk is doing, I suggest to you, is he is identifying risk that he's aware of and he's probably trying to position himself such that Accenture is in good light and IBM is not.

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Do you recall during this meeting that you said, "I expect that Accenture would not have been interested in just doing Queensland Health"?---I repeat: I do not recall the meeting and so I do not recall saying that, and I can't imagine why I would say that because my knowledge of Accenture over the years would be that they would be interested in any work that was going, whether it was an individual department or the whole of government, whatever.

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Can I test your memory once again, Mr Grierson?---Yep.

Do you recall Mr Salouk saying to you, "Look, Accenture would not have been interested in simply doing the Queensland Health by itself because unless one was doing the whole of the government roll-out, you could not possibly make money out of the QHIC project"?---No, and I don't believe that's true anyway.

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So you don't have any recollection of that, do you?---I don't, but I don't believe it's true, so I certainly couldn't imagine saying that.

All right. Ignoring for the moment this conversation between you and Mr Salouk, you yourself appreciated as director-general of Public Works as at 12 February 2009 that Queensland Health and the payroll replacement of the Queensland Health was the most risky project that the Queensland Government had identified in relation to the whole of government solution. Yes?---Certainly, I recognise that. I wish others did, but I did.

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And you also appreciated as at 12 February 2009 that Queensland Health, or there was at least some sense of urgency in relation to having the LATTICE payroll system replaced?---There was an extreme sense of urgency.

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And that urgency was made all the more acute because the original go live dates were intended to be in 2008 rather than 2009?---Every pay cycle LATTICE ran was a risk.

All right. Thank you. You also, as director-general of Public Works, had identified for yourself as at 12 February 2009 that there was a risk that IBM would not deliver on time or on budget?---I'm not sure that's correct. I thought that by taking the steps of having IBM focused on Health and Health alone with the resources that they then had at their disposal and the messages I was getting from people like Barbara Perrott and then Margaret Berenyi that things were improving with Bill Doak now driving the project from IBM. Now, I thought they had a chance of doing it. I had expectations they were doing it, not a chance.

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In 2009 you became aware that certain go live dates had to be set and confirmed by IBM, passed without the system going live. Yes?---Yes.

You were also aware that in spite of change request 60 and change request 61 and ultimately change request 184 that the scope kept changing in relation to this project. Yes? ---I was told that.

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Yes. And you also appreciate that there was disputes in relation to at-risk payments being withheld by CorpTech? ---I knew there were disputes, yes.

Yes. Are you also aware that, on occasions, Queensland Health would seek additional functionality in relation to the proposed system?---I was told that.

You were told that. And when was it that you actually identified clearly as director-general the risk to the implementation of this system in terms of its timing and its expense?---July 2008. When I took this system over in July 2008, I was aware then of the complexities of Health and the risks involved. Every time the scope changed, obviously the concerns were exacerbated and some of the

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changes made me very concerned, certainly, that they were major changes. So I have known since day 1 that this was a risky project and it just got riskier.

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Would you agree with me, and it's not a startling proposition, that as soon as you identified the riskiness of this project, but at least by January 29, 2009, when you had identified that they were only going to do the most risky project in Queensland Government, because of the existing delays and the existing change request, that this project needed detailed managing?---I knew in February 09 that this project was a very complex and risky project. The reason it was pushed ahead was because it was needed because of the LATTICE situation and it was getting detailed management.

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From whom?---From CorpTech.

But who of CorpTech?---Well, Margaret Berenyi, James Brown, Philip Hood. I think you've met about six or eight people in here that I probably haven't met in CorpTech. Campbell, Beeston, Bird. The IBM - I had IBM - well, I hope it was me but it doesn't matter if it wasn't. IBM had brought in a project - a program director above the project managers. Health department, we had split up Health, Education and the rest of government so that there was a new governance model in place. Health had established a program board, a project board, they had a QHIC board, there were advisory committees, this thing here, an executive steering committee. I mean, this wasn't just an individual, there were a whole lot of people who were directly managing this thing.

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COMMISSIONER: But wasn't that the problem or part of the problem that you spread the responsibility and the tasks so wide that no-one had firm control of the project?---I didn't spread the responsibilities - - -

You just explained the structure to us that has about 10 heads, maybe six?---Well, commissioner, the structure was that when we and the government agreed to split up Health and Education from the whole of government, narrow the focus on responsibility and governance of this project to individual departments, so it certainly reduced the number of people who were responsible. The fact that CorpTech, there was a tri-part IBM, CorpTech, Health running the project was something was set up way before it ever got to Public Works. That was part of the original contractual arrangements, so that was in place.

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But Mr Reid and Mr Kalimnios came to see you about that and went away empty-handed?---As I explained to you yesterday - - -



Yes, you said it was government policy, I understand that, but did you and Mr Reid - did you suggest to Mr Reid that the two of you might speak to your ministers together to try to come to grips with these problems, to try to get a unified command on the governance side to deal with IBM? ---The - dealing with IBM was already, I believe, controlled by CorpTech. CorpTech were meeting with IBM regularly, there were committees, there were discussions, it didn't need the Health minister or my minister to get involved with meetings with IBM or control IBM.

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But did you seriously think, tell me, in the latter half of 2009, that the contract was proceeding satisfactorily?--At the end of 2009 - - -

No, the second half of 2009?---The second half of 2009, I was told by Natalie MacDonald, and I think you were told yesterday, that there was a go live date for November, which all parties expected to meet. There was a change in the structure of the Health department where they went from a desaturated model to a centralised model. Now, when you - - -

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I'm not sure that's right. I'm checking the time but I'm not sure that's right, but if what you say is right, then that explains that delay. I'm not sure it is right. If it's not right, what explains the delay?---Well, the delay - there was a - well, I think it is right, but there was a go live date in November. I am told or I was told that was deferred at the request of Health to go to March. Now, I do know as a director-general that there are only certain times of the year you can accept the - - -

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I know all that; I know all that?---Okay.

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Once it couldn't go live in November, the next date was, I think you're right, March?---March.

The question is: why didn't it go live in November? You think because at that late moment Queensland Health changed the entire structure of its payroll system?---Well, that's what I was told, I'm pretty sure - - -

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Who told you that?--- - - - and I think that's what the evidence was given yesterday.

Yes, I know, but I'm not sure it's right. It's obviously an easier thing to check. It strikes me as being a huge change to make so late in the project, but we'll see what comes of it?---That is the very point, it is a huge change to make.

Yes, Mr Flanagan.

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MR FLANAGAN: Thank you. Can I take you then back to the document that's in front of you, Mr Grierson, which is volume 8, page 98?---Yes.

Ms Perrott is giving advice that the premier, the minister and the director-general of the Department of Public Works had met to discuss the proposed way forward. Do you see that?---Yes.

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We don't have a note of that meeting, but you obviously attended a meeting with the premier?---Apparently so, yes.

And Mr Schwarten?---I suspect that there also - my diary records a meeting with the premier where also the director-general suspect the minister for Education were at that same meeting.

Minister for Education?---I suspect so. My diary says, "Rachel Hunter and Mal to meet with the premier," so Rachel Hunter was the director-general of Education.

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All right?---I can't image that we would be talking to the premier with the Education minister and director-general.

At one stage, the then premier, Ms Bligh, had actually been the minister responsible for Education. Yes?---A long time ago.

A long time ago, but she had some knowledge of education in any event. Yes?---I would imagine so.

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But you knew, as the director-general of Public Works, that Education wanted free of the whole of government solution? ---Yes.

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GRIERSON, M.J. XN

That they certainly wanted free of IBM at that stage? 1  
---Yes.

At this meeting, doing the best you can, can you tell us who instigated the meeting with the premier?---I don't know who instigated it. If you're asking who instigated the subject matter, is that what you're asking, or the physical meeting?

There's a purpose to this meeting. Yes?---Yes, to discuss education. 10

All right. And there's a decision made after this meeting. Yes?---Yes.

Which is a fairly major decision in terms of government policy. Yes?---Exactly.

So who brought about this meeting, was it at your instigation?---Well, I wouldn't have phoned the premier and arranged a meeting, so I suspect it was either my minister or the minister for Education who were to ask the premier if they could meet to discuss this. 20

Quite, but - - -?---But I would have briefed my minister and the director-general of Education would have briefed her minister.

Exactly. All right. What was the circumstances that caused this meeting to eventuate?---Are you asking was there a consideration of Education coming out of the IBM project, is that what you're asking? 30

This meeting went beyond Education. I'm asking what events caused this meeting to take place?---Well, I don't think this meeting went much beyond Education, and that's why I note there's the actual submission to deal with the change of direction for the whole of government did not actually go to CBRC or cabinet until August or September that year, and that was because there was a lot more work to be done about other aspects of the whole of government roll-out, such as the finance systems and all the rest of it. So I don't think that any of those issues were discussed at this meeting, this meeting I think purely was about: will we continue with IBM in Education at this stage or do we put that on hold whilst we get IBM to focus on the Health project? 40

The meeting took place to discuss the proposed way forward. Yes?---Yes. 50

And the way forward in this note is with a capital W and a capital F is it not?---That was the name of the project.

Exactly. And the way forward had a number of options to it, did it not?---Yes.

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And one of those options was that IBM would not do or be engaged to do any further statements of work under the contract of 5 December 2007 and only complete the interim solution for Health. Yes, that was one of the options, wasn't it?---If you say that, that's fair enough, I accept that.

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Do you have an independent recollection of what options were available to the government as at 29 January 2009 in terms of the proposed way forward?---There is a document, Mr Flanagan, that you have that lists, I'm sure, the options that were presented to the premier.

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Quite?---I can't recall them all. Okay, let's try. Option 1 is we just continue as we are. Option 2 would have been, and I'm guessing here, option 2 would have been cancel the whole thing and leave the individual agencies on their payrolls and that's it. Terminate IBM and go through all those processes and so forth. Option 3 may have been to try and find another solution, a payroll solution. There are obviously a whole range of options that were put forward to cabinet, every cabinet submission must put forward a range of options with the pros and cons of each one. The pros and cons of those options obviously would have ruled out certain of those, for example, staying as we were was not an option with the LATTICE situation.

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Can I try it this way: there was a catalyst that brought about this meeting with the premier, surely?---Yes.

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What was that catalyst?---The catalyst was I had representations from various parties - I think I say this in my statement - various parties had approached me in late 2008 with concerns about IBM. I had serious representation by a bloke called Stan Sielaff. Stan Sielaff was the deputy director-general of Education, and he was in charge of the IBM part of that. He was unhappy about IBM, what was going on, and there was a lot of tension between IBM and the Education people about the project and how it was going. Different tensions to Health, Health was more about changing the scope. Education's tensions, I think, were more about the way Education had done things and IBM saying, "I know you've always processed leave that way, but under the SAP system this is the way leave is processed so it's different." Education didn't want to change the way they did, public service culture being as it is, I guess, and IBM saying, "Well, you can't keep doing it, that's not how it works under SAP," so there were tensions. I met with Stan Sielaff back in pre-July, I've known Stan for a long time, and he was one of the parties that I recall I mentioned in my statement who had been reporting to me this tension. I might add, if you look at my diary for that meeting in

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September that year, I think it was, with Michael Kalimnios, the meeting he refers to, I think my diary says the meeting is with Michael Kalimnios and Stan Sielaff. They were the two senior people in those agencies.

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Just to summarise your answer then, would you agree with me that the representatives from the Department of Education had certainly indicated to you at least that they had lost faith with IBM?---There's absolutely no doubt about that.

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All right. Would you agree with me that representations made to you by Mr Kalimnios and Mr Reid on other occasions, or at least on one occasion, also indicated that Queensland Health were having some difficulties with IBM? ---Absolutely.

If there was such a loss of faith that you're being informed of, and I'm not concerned with the accuracy of their loss of faith, but just the mere fact that it's being communicated to you, given that loss of faith by two departments in IBM why would you ever decide to give to IBM the responsibility as prime contractor for the QHIC project given that you have already identified it for us as the most complex?---Well, for a start I didn't give IBM the responsibility for the QHIC project, I didn't have that responsibility back in December 2007 when they were given a contract by the Treasury department on behalf of the state of Queensland, so I didn't give them that responsibility. The second thing was: when I heard the complaints by those two gentleman about IBM, and I'd been hearing them all 2008 from about April on, I took steps as best I could to improve the relationship between IBM and the Queensland government agencies by getting in a senior person in IBM, by changing governance structures, by ensuring that we were across what was happening and hopefully locking the scope down. The difference between QHIC and Education was simple, LATTICE. Education had an alternative, we could take IBM resources and say, "You concentrate on Health," and hopefully they would do that. Education had TSS system running which was upgradable and is still paying teachers today, I might add, and it was an option that was there. We did not have that option with Health, LATTICE was not a sustainable payroll for the Health department. We were therefore in a position with IBM working with Health with CorpTech to replace LATTICE.

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You appreciate at this time though that Queensland Health were also contemplating or desiring to contract directly either with IBM, or indeed with a different vendor to roll out quite a different solution for Queensland Health, weren't you?---No, I do not. The discussions about that, I think if you have a look at the diaries, was about September 2009 that Mick Reid and Michael Kalimnios raised the issue about could we go it - not alone, could we deal with IBM direct. I think it was back in 2009 that those discussions were raised any my reply at the time, I expect, I don't recall the exact discussions but the same as yesterday: if you want to deal direct with IBM, fine, you get your minister to go to cabinet and get that relationship change, fine, that's okay with me, but I can't change it, that's what the government policy is. CorpTech is there, they're in the contract to manage the IBM contract.

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COMMISSIONER: Do you raise it with Mr Schwarten that this was something that should happen?---The Health - the Education - - -

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No, not Education, Queensland Health. Mr Reid has come to say Queensland Health wanted the freedom to either manage the IBM contract itself or make other arrangements. You said that could be done if they had a change to government policy, but did you speak to your minister about supporting such a move if Queensland Health, the minister of Queensland Health had asked for it?---I can't recall the specific discussion but I am sure I would have because at that time if I had given my views that he needed to raise it with his minister, I knew that the next step would be his minister would raise it with my minister, if that was going to happen, so I would not let my minister not be briefed in advance or not know that this was likely to come out of left field from the minister for Health, so I'm pretty sure that Robert Schwarten would have known that there was tensions between Health senior people about them doing their own thing, but that's September 09.

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MR FLANAGAN: Can I suggest to you, you're actually wrong about September 09. What I'm suggesting to you, these concerns were raised with you in the course of December 2008?---That Health wanted to deal directly with IBM?

Correct, or indeed find another vendor?---Well, I do not recall that and I don't believe that's correct.

Can I show you volume 7, which is a document I took you to yesterday and can I take you to page 280 of that document. In doing so, Mr Grierson, I appreciate it's not your document but it does refer to you?---Did you say 208?

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280?---80, sorry.

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And it's a meeting of the QHIC Queensland Health only, really, steering committee, dated 10 December 2008. If you turn to page 281, it refers to an options paper where they say it really comes down to three broad options: first of all, stick it out; (2) keep all the work done, use Workbrain and SAP, and go to another vendor; or (3) go back to the market for new products. And there it refers in the next paragraph:

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*Anything other than option 1 is going to cost money this financial year. With regards to time frames, option 1 is the quickest option. Michael Kalimnios and Michael Reid met with Mal Grierson over the previous weeks and had been told to stay with IBM and CorpTech. Adrian Shea stated that we cannot make the call to opt out; that can only be made by Mal Grierson and Gerard Bradley -*

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which is what you discussed with the commissioner yesterday?---Yes.

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And then down the page it says just above the last paragraph, "Government have no will to abandon IBM." Do you see that?---Yes.

So it was as early as December 2008 that Queensland Health were coming to see you or at least making it known to you that they were considering other options, including going to another vendor?---Where would you draw that conclusion, Mr Flanagan? Where does it say there that they saw Mal Grierson and presented those three options to Mal Grierson and raised with him the possibility of going to another vendor?

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I'm taking that from evidence that's been given to this commission and what I'm suggesting to you is that they made it clear to you that they were considering - sorry, they made it clear to you of the difficulties they were experiencing at Queensland Health because of CorpTech managing a contract where the relevant agency was Queensland Health but the contract was not between Queensland Health and the vendor?---Well - - -

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First of all, do you have any recollection of them raising that concern with you?---No.

COMMISSIONER: "Them" being Reid and Kalimnios.

MR FLANAGAN: Yes.

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COMMISSIONER: Yes?---No, Reid and Kalimnios raised with me the difficulties they were having with IBM at that level. It wasn't about, "We've looked at option 1, we could go with Workbrain and SAP, and another vendor." I cannot recall that ever being mentioned. I don't know how

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they would have done that, but that's another point. The issue was: do we have to stay with IBM and be part of this roll-out. That was the issue in summary and my reaction to that would have been, "Look, that's what we've got. There's a contract with the government, and I won't go through it again, 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."

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All right?---Personally, and this is just a personal comment, I didn't care whether Health dealt direct with IBM. That would have been a blessing for me because CorpTech - there was no value to us in being in the middle of this thing. I mean, I got no joy out of meeting with Bill Doak and others to discuss their problems. It would have been - I was the person who tried to get that Health department to have their own program governance, to manage their own project, set up their own committees to govern this thing and so, I mean, it's ludicrous to think that I would have wanted to maintain Health in this CorpTech tri-parter.

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But certainly Health had been indicating to you that they had lost faith in IBM in a sense?---I said yes to that.

Yes?---Everybody, Education and Health had lost faith.

Going back to this meeting then with the premier, yourself, Mr Schwarten, and you believe also the director-general of Education - - -?---Well, my diary says that.

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Right. As you sit there now, can you tell us what was said at that meeting?---No, I can't.

You must have some recollection of it, sir?---No, I mustn't. The only recollections I have is that we discussed the - look, I'm really - I think I'm just guessing now. I really don't. What we would have done - I can tell you what we would have done, I expect, was simply to present to the premier the fact that this was what we had today, this was the situation. Where we wanted to go was not going to be achieved, which was a whole of government roll-out of all of these wonderful Shared Services systems, it just wasn't working and I - my belief was I didn't need to tell the premier that, she knew that from her own experience as treasurer, and that right now the biggest risk was this LATTICE system running Health payroll and the way to get that - if she expected us to deliver that, was to get IBM to focus totally on that and get it delivered. And one way was, of course, to take Education out.

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And it wasn't just Education being taken out; it was also a decision that the government would not be entering into any further statements of work with IBM in relation to the whole of government - - -?---I don't recall that and I

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don't imagine that the premier would have known what a statement of works was. We certainly - in a meeting with the premier, you would certainly not get down to that level of discussion.

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You see, after you met with the premier, it says that you subsequently met with Tony Munro and Mr Doak from IBM. Do you recall that meeting?---Vaguely, yes. I certainly met with Munro and Doak was probably there, and expressed - go on.

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Go on?---You ask your question.

No, your recollection of it, please?---Well, my recollection is that I explained to them that I - that the government had made a decision that we were going to put Education on hold. We weren't saying Education wasn't ever going to go there but Education was going to be put on hold because we wanted Health delivered. That was the focus, that was the prime driver so we were going to put Education on hold. I think there was also the consideration - sorry, I do recall that there was also the consideration about the dollars that were left in the project budget and there was concern about the Education exercise would also be chewing up the funds that were left in the Shared Services budget, and the premier was concerned about that. But I explained to them that it was going to be put on hold and we now expected IBM to get all their best resources on board, focused on Health and deliver Health.

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And depending on the outcome of Health, would consideration then be given by the government to further statements of work under the 5 December contract?--Well, that's - the presumption was that there was still a contract with IBM for other activities, and we certainly didn't say to IBM, "Guess what, that's al finished," there was no plan to do that. I think if you look at documents that you've given me, there were discussions August 09 and then in 2010 where IBM, again, raised the issue with me, "We believe we're ready to start more of the roll-outs," and I think you'll see emails from me back to them or to Natalie MacDonald saying, "No, concentrate on Health, I'm not interested in talking about post Health, get Health up and running and then we'll worry about the rest of the public services."

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Do you recall what the reaction was of Mr Monroe, Mr Doak, to your news that they would only be doing the QH payroll solution and not any further statements of work under the new statements of work under the contract?---Twofold reaction: first, there was certainly disappointment, and my reading having known companies like IBM, their first thought was, "How is this going to look for our company the fact that we are being told we're taken off that project?" so there's a little bit of protecting our image here. Personally, I think there was a little bit of relief in that they knew that there were tensions. I had been in meetings where Bill Doak and Rachel Hunter, the director-general of Education, and Stan Sielaff, her deputy, had been in some pretty - - -

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Heated?---Pretty heated conversations and accusations and counter accusations and so forth. I think there was a little bit of relief on IBM's part that we can put Education to one side and just concentrate, now, on Health.

Can I just bring a little bit of substance to your meeting with the premier then? I referred you to the go forward options. Can I show a document that you may well have considered prior to meeting with the premier, it's in volume 8, starting at page 5, and it's called "Go Forward Options"?---That's the document I was talking about before.

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Yes, thank you. You're not the author of this document?  
---No.

Do you know who was the author of this document?---I can't be sure but I expect it was either James Brown or Margaret Berenyi.

All right?---Or maybe Barbara Perrott, probably, at that time. It was a senior CorpTech person, I suspect.

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I think Ms Perrott leaves in December 2008 replaced by Ms Berenyi who comes onboard in January 2009 or February 2009. But there's some intellectual thought put into these options, is there not?---Yes.

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A problem had been identified in relation to what was happening. Yes?---Yes. 1

Certainly, IBM had brought to the attention of the government that the whole of government solution and the roll-out under the 5 December contract was going to be more costly than originally thought. Yes?---Yes, IBM, yes, they'd done a review and raised those sorts of issues.

As a result of that, it was contemplated that one would have to look at options because the government simply didn't have that type of money to spent on this solution. Yes?---Well, I'm not sure that there was a price put on this solution. The government knew at that time that there was - I knew, so, yes, the government knew - a finite amount of money in the budget for the shared services roll-out, and it was quite obvious. Regardless of Health, it was quite obvious that the amount of money wasn't going to deliver all of the things that were in the original scope of roll-out. 10 20

If you look at page 7, which deals with option 4, was that the option the government ultimately went with?---I don't think so. I think it was option 1. Option 4 says, "And return remaining program funds to consolidated revenue." That would have been the Treasury option put in there to try and get the money back, and we certainly wouldn't have gone with that. I wouldn't have recommended that one. I think we went with option 1, wasn't it, to complete the Queensland Health LATTICE only within the current budget allocation. 30

All right. Had you and your minister decided what option would be put to the premier for actioning before the meeting in January?---We don't decide that, these things go to the premier's department and the premier's department would consider this. When we met with the premier, the process is for this and all other meetings that the premier would have two briefing notes. She would have a briefing note from her own director-general who would make a recommendation about what option he would be supporting. Seeing it was to do with this, I suspect there was a briefing note from the treasurer - sorry, the under-treasurer, about which option he supported, and that's probably how option 4 got in there. It probably wasn't in the first options we put together. Then my minister would have his briefing about the option that the Department of Public Works would have supported. The premier would have got briefings from at least three sources, and I suspect seeing we're talking about Health she would have had a briefing from her deputy premier, Paul Lucas. 40 50

All right. Thank you?---Sorry, this is Education. She would have had a briefing from the Education department, because this was talking about moving Education not Health.

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Thank you. Can I ask you this: was any consideration given at or about this time, that is, 29 January 2009, to permit Queensland Health to contract directly with IBM? ---Not by me.

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Was there any consideration to removing CorpTech as the contract manager given that the project that was to proceed was only the QHIC project and not the whole of government solution?---It wasn't that the QHIC project was the only project that was going to proceed. QHIC was the only new roll-out that was proceeding, CorpTech, at that point in time, was still supporting LATTICE, was still supporting every finance system for every department under SAP or other versions, was still supporting Orion. It was not just QHIC, in fact QHIC was probably not the major work that CorpTech was doing.

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But under the 5 December contract, it was the only work that IBM was to perform. Yes?---I think that's correct.

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Given that it was the only work that IBM was to perform, was consideration given to permitting Queensland Health, as the agency affected, to contract directly with IBM in relation to that project?---Well, it wasn't it given by me and it wasn't raised by anybody with me, but nor was there consideration given. TSS was the only organisation dealing with Education, I think CorpTech were still involved in the TSS application with Education. CorpTech was still involved with Orion with the police department, which may have been a separate case. Just because IBM were only dealing with Health is no different to TSS only dealing with Education. The government's decision was that there would be a shared services technical body that would manage all of these implementations of roll-out, and that's what CorpTech was.

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Indeed, was any consideration given, given that IBM were only going to do this project, to upgrading it from an interim solution to a more permanent solution that would involve elements or requirements or functionality under the whole of government solution?---Never; not by me; rather, reverse.

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Why was that?---Quite the reverse, because as I was explaining to the commission before, variations are the usual problem, 99 times out 100 they're the problems that cause projects to run late and go over budget. The aim of the exercise, as far as I was concerned, was to get this scope locked down to get the system implemented to replace LATTICE. We certainly wouldn't have been saying, "Here are a whole range of other things we want at the same time."

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Just two final topics, Mr Grierson?---Yep.

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First of all, in general, how would you describe your approach to managing the 5 December 2007 contract with IBM?---My?

Approach to managing this contract?---Well, in a technical sense the same approach as managing thousands of other contracts that I had under my control and that would be to let the legal people and the major contract people manage the contract as they had the expertise to do so. In this case though because of the strangulations, I did myself involved - I'll go back. It was more than strangulations. The premier had obviously wanted me to do this and passed it over to us, and I think there was an element in our conversations about the fact that I had a background in IT and therefore she wanted me to be able to deal with the IT players in this contract, and that's exactly what I did by escalating through to the senior IBM ranks our concerns, having project director Doak come on board, try to get this thing sorted out, so that's how I managed the contract. I did not - I have never read the contract, I don't think I've read any contracts in my department. I did not get involved in meetings, the detailed meetings that you've just shown of the project boards and project committees, nor would I, nor would I have time to. So that's how I managed it.

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Can I take you to paragraph 34 of your statement, please? ---Yes.

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Would you read that paragraph?---Yes. I've read it.

Do you agree that accurately describes your approach to the management of the contract of 5 December 2007 as between the state of Queensland and IBM?---No, it doesn't describe my management of the contract. I didn't manage the contract. What that describes is my way of dealing with issues that arose between IBM and the senior people in the Department of Education and the Department of Health, and my department. And what my role was to do was to listen to what was being said, whether issues I thought I need to escalate and it was my judgement that I could escalate or should escalate with IBM, I would contact IBM and say, "This is what is happening," or, "I understand this is happening. I am not happy with this. I would like something done about it." And that's - IBM took that on board, to their credit, and assigned, as I said to you, Peter Munro, one of their senior executives, to be available to me to listen to those concerns and deal with them, and I would say and Peter Munro would say in our discussions, "Okay. We agree this is an issue. The way forward, we'll get our offices to sit down and sort this out, and get over some of these hurdles that may be appearing." So that's - it's not how I managed the

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contract. I have never managed a contract in a technical sense of managing a contract. 1

Do you agree with me that whether you described it as a management or you described it as your role, part of your role was emphasising to IBM representatives that you were, to use your own words, peeved with their performance. Yes?---Mm.

Or at times you would read what you call 'the riot act' to them. Yes?---Mm. 10

But in any event, no matter whether it's management or your role, do you agree that this approach ultimately did not resolve issues of scope that remained in dispute between the parties for the entire life of this contract from December 2007 to go live on 14 March 2010?---No, I would not.

Why is that?---Because the first place this role, as you call it and I call it, is - was a standard role that I would undertake on any major project. Any construction project, any project. Disputes I would escalate up the ladder. I've gone as far as Wal King, the head of Leighton in Australia, about issues about a building project, that it was not going well. 20

COMMISSIONER: Mr Grierson, surely, we don't care about that. Deal with the question of IBM, please. 30

MR FLANAGAN: You agree with me that the way you fulfilled your role, it remained the case that scope remained unresolved as between IBM, CorpTech and Queensland Health for the entire life of this contract?---No.

Now, can you tell me why - - -?---Please explain.

Yes, please explain - - -?---Yes.

- - - why scope didn't remain unresolved for the entire - - -?---Scope did - was resolved, but scope was resolved at periods of time. Scope was resolved when I took this thing over. I understood as at 60, 61, and I believe that change request 60, 61 - not "I believe", I know that Barbara Perrott thought that scope was resolved. I believe that IBM thought the scope was resolved. Probably Health scope was resolved. But in September, I thought scope was resolved. Then again in January I thought scope was resolved. Then again in the middle of 2009 before the decentralisation or decentralisation, whatever it was, that they changed their organisation on, I thought scope was resolved. So this wasn't something that was going right through the period from when I took over in January - July 2008 until go live because of my role. My role was to escalate issues as they occurred and I did 40 50

escalate them as they occurred. I did not know in September 2008 that there was going to be further scope changes coming along, so I couldn't deal with that, could I?

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Can I suggest this, though: there were recurring things in the life of this contract which went over a number of years. The recurring things were price increases through change request, disputes as to scope were to remain disputed for the entire life of the contract, delays in go live. Those indications and those issues would suggest that for the interest of the state of Queensland, intervention by you in a more direct way to determine the way forward was required. What do you say to that proposition?---I don't know what you mean. Please explain.

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I put to the question to you, you can respond to it as you see fit, sir?---Well, I don't understand the question.

COMMISSIONER: What's your answer?

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MR FLANAGAN: Do you want me to repeat the question? ---Please repeat the question.

Given that in the life of this contract from 5 December 2007 through to, I think, October 2010 - - -?---Yes.

- - - when the final thing came to an end, but at least to the go live date of 14 March 2010, there were recurring problems in it, delayed go live dates, increases in price, including an increase in price from the original quote of \$6 million with one change request alone being \$9 million. And also, constant disputes in relation to scope. What I'm suggesting is the director-general who was required to manage this contract and had ultimate responsibility for this contract, those recurring problems should have caused you, in the interest of the state of Queensland, to intervene in a way other than reading the riot act or other than communicating that you were peeved with IBM representatives?---Well, do you want to go back to December 2007, which is what you - - -

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COMMISSIONER: No, don't give us the history, just answer the question, please. Do you accept that you should have taken more direct leadership and responsibility in sorting out what were recurring things throughout this contract that Mr Flanagan's described?---Commissioner, I have said on so many occasions in this room: I did take steps, I did take responsibility. I have to go through it again.

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No, I understand what you said?---Well, I guess - - -

- - - it comes down - - -?---It's easy for - commissioner, I don't mind responding to a question but I'm not sure what you're suggesting. I mean, there's a government policy in place. Are you suggesting I go and tell the premier,

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"Look, I don't like that, change it." There's a contract in place that I haven't read and I don't understand but it's in place with the Treasury department and IBM. I'm not sure what you expect me to do about that. When I had CorpTech join my department, and I've heard the concerns about IBM, I had IBM, I had IBM put in a better team and better management to control the contract, control their part of the contract. I changed my management in CorpTech in December 2008 when I knew where this thing was - when I heard the concerns. I changed my - I put Margaret Berenyi, I put her in, who had good IT experience, James Brown, who had experience with IBM and SAP in New South Wales, I moved Barbara Perrott back to the Shared Services. We went and went through - I escalated with everyone I could to IBM the people involved, the concerns. I had a situation where IBM assigned a senior partner, Peter Munro, to deal personally with me as I had concerns. We went - we looked at the overall program, we discussed with the premier the fact that we believe we should concentrate on Health because of the LATTICE situation, so I got that raised to that level. We took education out of the equation so IBM could focus on the LATTICE replacement. We went through and tried to freeze scope on so many times; I've told you about them all and I don't need to go through that again. I'm not sure what else you expected me to do.

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MR FLANAGAN: But it failed?---Well, of course it failed. 1

Yes, the point is - - -?---But what failed?

I'm suggesting we - - -?---What failed?

- - - wouldn't have this inquiry if this was a successful project, we're having this inquiry because this is a failed project. In spite of those steps that you took, the project ultimately failed, that is, many employees of Queensland Health did not receive any pay or their correct pay. Yes?---Yes, but why? You're assuming that it was because the system fell over or CorpTech didn't manage it properly or there was some other reasons that the responsibility of CorpTech or myself that it failed. I'm happy to sit here for two hours and dispute that with you. 10

Can I suggest to you two things: first of all, in terms of ordinary contract management it would have been in the interest of the state of Queensland if you had permitted your contract team in CorpTech to issue more regularly notices of breaches of contract to IBM so as to keep, as Mr Salouk said to you, IBM's feet in the fire. What do you say to that proposition?---First thing I say to that is: I don't know why you're relying on Mr Salouk's suggestions, but that's fine. The second thing is: I'm not sure that there were numerous requests for breaches to be issued, I think there was one request in September 08 for a breach to be issued. 20

Which you thought premature, and let's accept that, you thought it was premature at that stage?---Yes. 30

What about at a further stage?---Well, I think at a further stage, once we started getting into legal discussions with IBM I don't recall ever saying, "No, we can't send these delay notices," or the notice to show cause or whatever the technical terms happened to be. If you can show me examples of where I said, "No, don't do that," that's fine, but I don't recall ever doing that. As far I was concerned there was one episode, and that was in September 08 when I had the thing for three months and we're still doing our review and due diligence of what we had and Barbara Perrott said to me, "Mal, you have a cause to issue a breach notice," or something to IBM. I said: 40

*I don't want to do that right now, I don't want to go into a legal battle with IBM, they just got a new program director, he seems to be making improvements, I'm getting that feedback from all parties. Let's just have a look at this and see how we go. They're making promises of delivery, go live dates next year, let's just go with this -* 50

and that was the judgment that I made at the time as director-general, and I would have probably made exactly the same decision again.

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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.

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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."

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As a result of which, are those representatives of CorpTech or the Department of Public Works who participated on the project board in the go live decision, their contracts were not terminated by you?---It was plural, it was simply one,

Margaret Berenyi, and neither was the contract of Ray Brown, the chief information officer for the Health department who I know, and I know he also had the same information presented to him. His opinion was at the time, "We were told it was all green ready to go, the data was right, the business readiness was right." I wrote back to the director-general of the premier's department and said, "Based on the information I have received, my decision is that I will" - there were steps taken with Ms Berenyi regarding roles of CorpTechs on future boards and how it shouldn't be there and it should be escalated to senior members of the department, which is what happened, but, no, I didn't terminate their contract.

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Thank you, Mr Commissioner.

COMMISSIONER: Mr Flanagan, will you ask Mr Grierson about the meeting he had with Mr Doak after the Swinson meeting, 28 January?

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MR FLANAGAN: I was going to, but I've checked all the transcript and Mr Doak doesn't come into that.

COMMISSIONER: All right. Mr Kent, do you represent Mr Grierson?

MR KENT: Yes, I do.

COMMISSIONER: Do you want to question after Mr Traves and Mr Ambrose?

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MR KENT: Since you're offering that to me I will take up that, thank you.

COMMISSIONER: All right. Mr Traves.

MR TRAVES: Mr Grierson, I act for Mr Kalimnios and Mr Shea?---Shea? All right.

Mr Ray Brown?---And Ray Brown?

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That's right?---All right.

The latest comment hadn't been mentioned. The contracts involving information technology present particular issues of management in the public service, as opposed to, for example, one of the many buildings that you've overseen?--- Yes.

Why is that?---Well, because I guess building a building hasn't changed a hell of a lot in the last 20, 30, 40 years. With information technology, the changes that I've seen in my 40 years in IT is just incredible and everybody knows that, the technology is changing so much that you have to be across it and understand that it's different.

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In the context of a linear management structure, there seem to have been, can I suggest, difficulties in one level necessarily understanding what the level below is doing, and can I instance the ability of the project board to understand necessarily the advice being received from the project directorate, or to question that advice?---I don't know if that's the case or not. Are you saying that the project board did not understand the advice that it received?

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I'm suggesting that some of these members of the project board were not people of information technology expertise, and it's a general question in a sense. Does that, in your view, in the context of contract administration, affect the ability of the public service to deal with these sorts of contracts?---No, it is normal for the boards or committees within the public service to have a mix of disciplines. In the Health department board you wouldn't just have doctors or nurses, you would have IT people, you may have construction people.

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I'll move to a different topic. Can I ask you: do your recall meetings that Mr Kalimnios attended with you with Mr Reid?---I don't specifically recall them, and I've checked my diary and there is a meeting in there. If Michael Kalimnios and Mick Reid said they met with me, then they met with me.

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Mr Kalimnios has a record of two meetings with you: one in broad terms about August, September 2008 and a further one in mid-year 2009. Have you read the transcript from his evidence about that?---I read a little bit but not much.

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All right. Mr Kalimnios gave evidence of a briefing for approval that he had sent to the director-general of the Health department, Mr Reid, and that document bears a stamp date 29 August 2008 and another date, 4 September 2008, and he said that's a matter about which he came with Mr Reid to discuss with you, that was the context?---That he was with Mr Reid to discuss with me?

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That's right?---Yes.

Do you recall a meeting with him about that time with Mr Reid, mid-2008?---Before I answer that, can I just clarify something about these meetings. I would have met Mr Kalimnios on - I'm not sure if it's dozens but a lot of times over those two years. Just because there was a formal meeting in my diary or not in my diary didn't mean to say I didn't meet with him. There were other meetings in Treasury where he would be out and I would be out, and after that meeting he might grab me and say, "Listen, what's happening with this," or, "What about that?" So - but as far as that formal meeting, I know that there was a meeting where he raised concerns about IBM and I think my, as I've said earlier, my diary indicates that Stan Sielaff, the deputy director-general of Education was at that meeting.

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Do you know what date that is? I didn't see it yesterday in that bundle that we saw but perhaps that's - - -?---Do you want me to try and find it or - - -

Oh, well, I suppose, yes, there might be another - so to give you some indication, as I say, this document, the briefing note for approval is dated on one stamp 28 August, so I suggest it's after that. There's one I see on 8 September but I don't think if that's the one you're referring to?---Yes, on 8 September.

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Is that the one?---Yes, at 2.30. "Status of the SAT project. Stan Sielaff, Education; Michael Kalimnios, Health; Robin Turbit, Barbara Perrott, Peter Douglas." I don't recall Peter, but certainly that's a meeting where Stan and Michael raised concerns about their - about IBM.

All right. I notice Mr Reid is not there?---No, that's - - -

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No?---I don't - I'm not sure if Mr Reid was - well, I can't recall that but that doesn't mean - it could have. If Mick Reid said he was at that meeting, that's fine. I'll accept that.

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Can I ask you to look at a document at volume 5, page 294?  
---Page? 1

294. Thanks, Mr Grierson. That's not your document, it's a briefing note for approval from Mr Kalimnios to the director-general?---Yes.

But I just wanted to use it as an aide-memoire if you like and to ask you whether or not the matters which are raised here, matters which you recall being raised at about mid-2008 with you by Mr Kalimnios?---You want me to read all this? 10

No, I'll take you through it?---Oh, okay.

If you've got it there in front of you there. Can I start with the background, the first dot point? Can you say whether that was a matter which you recall was raised in something like those terms with you by Mr Reid and Mr Kalimnios in or about the middle of 2008? 20

COMMISSIONER: I expect Mr Grierson knew about that.

MR TRAVES: Pardon me?

COMMISSIONER: I expect Mr Grierson knew about that?  
---Well, I think we've been talking about that for three or four weeks. That's simply is the LATTICE system.

MR TRAVES: All right. But you're content in the broad terms of the background that's submitted to you?---Well, it is quite (indistinct). 30

Well, let me - - -?---We all clearly understood that LATTICE had to be replaced and there was a whole of government system being rolled out, so, yes, that's just a fact.

All right. Then the current issues. The second dot point, as far as the promises from CorpTech and then those dot points there?---Yes. We were going - LATTICE is the first point. The - I'm not sure if we talked about finances. Look, I doubt that Michael Kalimnios would have raised with me rostering and modelling of EBA and - that's enterprising bargaining. I certainly wouldn't have been discussing these sorts of things in great depth. No, not at that level. 40

Moving to the top of the next page, I think you would agree that you were aware of that, the LATTICE problems?---Yes. 50

The second dot point I suspect you would agree with, too?  
---Yes. Well, I personally didn't - I don't think I've actually ran the LATTICE system but I understood from my staff that there were a number of workarounds.

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GRIERSON, M.J. XXN

All right. Then the next dot point, CorpTech appointed IBM as prime contractor, you knew of?---That's right. 1

IBM at that point had failed to deliver a basic, is it, payroll replacement solution on time and so on?---Well, I'm not saying that I agreed that IBM failed to take full accountability with the payroll performance, an overall solution (indistinct) IBM had a contract to deliver a replacement payroll. I'm not sure - - -

10

Was the proposition raised with you is the question I'm asking?---No. We certainly didn't get into that detail - - -

All right?--- - - - and - - -

Well, can I take you, then - - -?---Yep.

- - - to proposed actions, and you'll see that the QHEST team has analysed various options and based on the cost benefits, risks and so on, the first option, QH separates itself from the CorpTech driven whole of government program immediately, and then you'll see reference there to engaging directly with contract companies in order to evaluate alternatives expeditiously?---Yep.

20

And you were asked some questions by Mr Flanagan about whether or not there was a proposal by Queensland Health to go it alone with a different contractor?---The - I certainly recall discussion about could Health pull out of the contract with IBM, could they get out of the Shared Services, basically, not just the IBM but the whole Shared Services, could they get out of that, and I went through that with the commissioner twice, I think, about what my reaction about these were.

30

All right. Now, is it fair then to say that the proposal that they seek a separate contractor, that is Queensland Health seek a separate contractor, was raised with you in or about September, August 2008?---No, there was no discussion about a separate contractor. There was discussions about not being part of the Shared Service arrangement. Now, from that, you would have to assume that meant, seeing that we all knew that LATTICE was not going to be able to continue, that meant they had to have a plan B, which I presume would have had to have been find another payroll.

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The last two dot points, was it raised with you that QH had examined alternatives to an IBM managed project?---Well, that's the same point.

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Yes or no, Mr Grierson. Was it raised with you, do you recall?---I don't know. But if it was raised, it was raised in the form of: can we get out of the IBM Shared Services.

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GRIERSON, M.J. XXN

All right. And the final point?---No, I don't - as I said to Mr Flanagan, I thought that was raised by Mick Reid the following year in 2009.

1

Now, at the conclusion of the meeting - can I just ask this question again, I'm not sure that I ultimately received an answer. Have you a recollection of a meeting with Mr Reid and with Mr Kalimnios in or about September 2008 about the project?---I don't specifically remember the meeting but I do recall meetings or discussions with Stan Sielaff and Michael Kalimnios about there - - -

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And Mr Reid?---I'm not sure if it's at the same time but I certainly had discussions with Mr Reid around those times about the situation with IBM's performance and whether they had to stay in the Shared Services contract.

All right. And would it be a fair comment to say that at the end of meetings of that nature, effectively the arrangement was for you to go and sort it out with IBM but that Queensland Health would do nothing further?---No. The arrangements would be - it depends what topic was discussed, but if the topic was IBM were not delivering a certain thing and there was an expectation by (indistinct) Health, but whether it was Mike Kalminios or Mr Reid, that my escalating to this to senior IBM would assist, then that would be an action that they would expect me to do and I would have done.

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But you gave evidence, I suppose - the point of my question was this: you did give evidence about having said, I think, to Mr Reid and/or Mr Kalimnios that if the director-general Mr Reid wished to extricate, if you like, Queensland Health from the - - -?---No, I didn't. I would never have said that to Michael Kalimnios. 1

Extricate. I'm sorry?---No, no. I wouldn't have said that to Michael Kalimnios. 10

All right, thank you. Let's concentrate on what you said to Mr Reid?---I would have said to Mr Reid that if he wanted to get - he was the director-general of the department. If he wanted to get out of the current government policy and discussed it with his minister and his minister had taken it - in the same way as I would not expect one of my senior staff to be discussing with a director-general of another department what they should or shouldn't be doing regarding a contract that involved my department. 20

All right. Have you a recollection of telling Mr Reid that?---I can't specifically say the words, but, yes, it's a back - that was the message. The message was - and I think I said it in my statement - the message I gave to Mick was, "Mick, I've endured this. You've endured it. That's what we've got. If you don't like it, take it up with your minister and go to the premier and get out of it." His minister was the deputy premier. So, you know, he carried a bit of weight. 30

Yes, all right. Can I then ask you to look at another document? Thank you. You can put that one away. Thank you. It's in volume 9 at page 240?---Page two hundred and?

240, thanks, Mr Grierson?---240? Yes?

That is what it says it is, a brief for noting of 6 July 2009. I can tell you that there's no evidence that it was actually sent to the deputy premier, the minister for health?---I've never seen it. 40

No, I understand that. But I wanted to, again - because Mr Kalimnios says it's documents which preceded and, indeed, led to a meeting with you subsequent to it in 2009, I ask you whether or not you agree with some of the matters having been raised with you at the time. Can I ask you to go across to page 245 - - -?---Yes. 50

- - - and ask you whether those matters concerning governance of the project were the sorts of matters that you were aware of and/or were raised by Mr Kalimnios and Mr Reid with you in a meeting in 2009?---There were certainly discussions about governance and I'm not sure if

it was raised at that meeting, but I know that Michael had raised governance issues at some stage with me and I think that's what led - and with Barbara Perrott and I think that's what led to us recommending changes to the government structure, such as Health and manage their own - establish their own program build and manage their own project.

1

All right. And was it plain in 2009 - do you recall having a meeting or do you believe you had a meeting with Mr Kalimnios and Mr Reid in about September 2009?---I've answered that. I've looked at the diary and the diary indicates I did meet with Mr Kalimnios. I would have met with Mick Reid on many occasions. I'm not sure if he was at that meeting. It doesn't say he was at that meeting, but he may have been.

10

In discussions you had with Mr Reid, was he aware that there were problems with the solution, they were having difficulties? Were things said to you or did he suggest to you that Mr Reid was aware of the project itself?---Of course he was. I would have discussed it with Mr Reid on numerous occasions.

20

Was he aware that there were risks as the project developed through 2009 that the project would ultimately bear the problems that it did?---I'm sure he was not aware that the end result would be what it was. No, I'm certain of that. This thing was - I mean, we're sitting here now years later, this was moving day to day and as issues were coming up, he was aware of them. I know he was aware of them. He was being advised of them, briefed of them, and where he thought they were of serious consequence or I could help him with IBM, he would raised them with me.

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All right. Could I ask you to look at page 245 under the heading Risks?---Yes.

The quality of the solution build has not been high. Was that something about which you were aware in about mid-2009?---No. We knew the intentions and we knew that there were scope issues, but within the scope of what there was agreement, my understanding was the quality of that solution was being tested and it was meeting tests and nobody ever came to me and said, "Listen, IBM can't do this. They can't program this thing." We believed that they had the capability of doing it.

40

But there had been significant delays at significant cost to the - - -?---There had been significant delays, yes.

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But no-one from your department or from CorpTech and no-one from Queensland Health ever said to you words to the effect, "The quality of the solution build has not been high." That's news to you in or about that time of 2009?

---Well, if you're talking about the quality of the solution build which relates to the tools they're using, the software they're using to build the thing, no, nobody ever said to me, "Look, IBM are not processing leave properly. They haven't - it's poor quality, the code they're writing. No, that was never raised with me. It was more, "The delays are caused because this has changed or IBM don't agree with doing that," or something else. No, nobody ever said to me that the code that IBM were writing was of poor quality and I don't believe it was.

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No, but the symptoms, if you like, of a system which wasn't developing well might have been, for example, failure of test regimes or inability to move in or out of the various test regimes contemplated by the contract program; user acceptance testing is a good example?---And I think that Bill Doak belted my ear about that on numerous occasions that, "We've done a test, we've done a series of tests on such and such a module of code and now something has changed and so we're going to have to go right back again and start that all over again, change the code, which means in IT terms, you have got to go back and start testing that again." So he was forever whingeing about that.

20

What about the next point, "Deficiencies noted in the testing have not provided the confidence that would normally be expected at this stage of the project life cycle"?---This is September?

2009?---2009?

30

The document itself is July 2009, I should say?---Okay. Well, in September 2009 my recollection was that this was when the number of defects was high, were being questioned and I think there were different reactions by different parties again by IT people who were managing CorpTech said, "This is not uncommon to have X hundred defects in a complex system like this at this stage," whereas people who weren't familiar with IT system development, maybe like people in the Health Department, were saying, "Oh, dear, oh, dear, how can you still have 200 defects at this point in time." I think there was probably some misalignment of expectations of how an IT system is developed.

40

The final point, the third point there:

*The risk that IBM and CorpTech may be willing to compromise solution quality in order to achieve a go live date resulting in an unacceptable risk profile for Queensland Health?*

50

---Well, I don't believe that.

Was that a matter raised with you - - -?---No.

- - - in September?---No, no. I would have been - - -

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Just let me finish, if you would?---Sorry.

1

By Mr Kalimnios and/or Mr Reid or anyone from CorpTech, for that matter?---Nobody raised with me, and I would have taken steps if I thought that my organisation, CorpTech, were compromising the solution quality in order to achieve the go live date. You don't compromise solution quality when you're dealing with payroll.

I've nothing further, thanks.

10

COMMISSIONER: Mr Ambrose?

MR AMBROSE: Yes, thank you.

Mr Grierson, I also want to - - -?---Pardon?

I also want to ask you some questions about meetings with Mr Kalimnios and/or Mr Reid?---Okay.

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The first one is in around September, shall we say, 2008?  
---Yes.

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As I understand your evidence, you had recently been transferred the CorpTech business to manage?---July.

1

All right. And you were still in the review stage of what in fact you had inherited, as I understand your evidence? ---That is correct.

And do I also understand your evidence to be that the premier knew that there were problems with CorpTech managing this contract and wanted you to take charge?---I don't know if she actually would have thought that there were problems with CorpTech managing it. I think she knew that there were problems with the management of the contract and that it shouldn't, perhaps, be in Treasury.

10

So, as I understand your evidence, she knew that there were problems with the management of this replacement LATTICE solution and she wanted to remove that management from Treasury and into your department?---That's what she did.

20

And at the time of this first meeting in, perhaps, September 2008, is it your recollection that Mr Reid was questioning whether Queensland Health could remove itself from the whole of government solution?---Yes. As I said, I can't recall whether it was at that meeting but certainly I had discussions with - I probably had weekly discussions with Mick Reid and I know that there were - there was a time where he was saying to me: look, my people have told me this has not going well, you know, and their suggestion we should get out of this whole Shared Services thing if we can, you know, can we do that.

30

At about this time, September 08, you've just inherited it, you're still in the process of reviewing it. If Mr Reid had suggested to you that they had an inclination or a desire to remove themselves from the whole of government solution, is it likely that you would have pointed out to him and Mr Kalimnios, if he was at the same meeting, that you're still in the process of reviewing it. Yes?---Well, they knew that.

40

All right, but this was in fact a longstanding government policy?---Yes.

That the contract in fact was with CorpTech and/or Treasury and IBM, not between Health and IBM, so it would involve a termination of that contract?---Yes.

And that in the circumstances of it being a longstanding policy decision of the government, that it would be unlikely that the government would be willing to let Health remove itself from that solution?---Well, I think you're asking me when I said to Michael - Mick Reid, if you want to go and get your minister to go back and ask for it, are you asking me what success I thought he would have had, is that what you're asking me?

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I'm asking you whether you would have conveyed the likelihood of success in doing that. Perhaps we can approach it both ways?---I know what you're asking. 1

Perhaps we could approach it in smaller steps. Did you have an opinion or do you have an opinion on whether - if Mr Reid had asked his minister to take it up with cabinet or remove Health from the whole of government solution, what success would you have had?---That's a hard one. I think it would have been difficult for government at that point in time to have let Health go a different direction. 10

And then our next part is - - -?---Why?

No?---Oh.

My next part is: would you have been likely at that stage in September 08 to have conveyed that to Mr Reid, who had only recently come in as DG?---Well, I guess when I said "why" is I wouldn't have just said that to Mick Reid without saying "because" and the "because" at that time was LATTICE. I think the government had made a decision and that we were all caught up in that with the Shared Services and so forth, the government had made a decision with IBM. Health had been escalated or brought forward to the front of the queue because of the LATTICE situation, so I guess my opinion at that time would have been: well, if you pull away from IBM and this contract now, what's your plan B, what are you going to do? I mean, you have to get off LATTICE. And if we look at how long it takes to implement a major IT payroll system like Health's - the complexity of Health, you're talking years. And nobody that I knew thought that LATTICE had anywhere near that length of survival time. 20 30

All right. Let me take you to the September, approximately, July to September 09 meeting that you might have had with Mr Reid and Kalimnios?---Yep.

And you were referred to that briefing note in volume 9 at page 240?---Oh, yes, this is the price? 40

Yes?---The price one, yes.

I just want you to go to the second page - - -?---Yes.

- - - of that and in about the middle of the page under the heading "Issues", the key reasons for failure of the QHIC project, the first bullet point, if you just read that to yourself?---Yes. 50

Was that discussed with you at any meeting with Mr Kalimnios?---No. Well, not that I can recall, but it wouldn't have got to that (indistinct).

The second - - -?---This is about the project management (indistinct).

1

Yes?---I don't - I don't recall discussing project management methodologies.

Well, what about in a more general sense that IBM have failed to apply project methodology consistently throughout the project?---My readings with Mr Reid, Mr Kalimnios, would have been about the actual progress of what was happening. We wouldn't have discussed - and I don't know what project management with (indistinct) IBM was, and I respectfully suggest that neither of them agreed. That is not something that we would have ever got involved in. So I doubt that anybody would have sat down and discussed what IBM project - why IBM's project methodology was not working. It wouldn't have been given to us.

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At a meeting that you might have with Mr Reid and Mr Kalimnios, who would do the talking about Health?---Say that again, sorry.

20

Well, if you had a meeting between yourself on the one hand and Mr Kalimnios and Mr Reid on the other - - -?---Yes.

- - - would Mr Reid do the talking for Health or would Mr Kalimnios?---I think that Mr Kalimnios was certainly in awe, both about the issues, he was certainly across the issues, but having said that, there's no doubt that Mick Reid understood what was happening and that - he understood the concerns that were being expressed by his senior team and he was reporting them to me, and he was asking me to escalate within IBM if I could to try and get things improved.

30

All right. Look at the second bullet point under the key reasons, "Lack of adequate skill and resources provided by IBM." Do you recall that ever being raised by either Mr Reid or Mr Kalimnios? And this is in September or mid-2009?---I think that was raised but I'm not sure if it was IBM. I think their concern was emerging that time, and obviously it's a long time ago, but I think around that time they had concerns about Workbrain and it was the expertise, the adequate skills and resources, not so much on the IBM/SAP part, but how the Workbrain was going, Workbrain software was going, and I think that Michael Kalimnios was certainly concerned about is this Workbrain thing going to work because I'm not sure if IBM really know what's going on here.

40

All right?---I don't - yeah. Okay.

50

And what about the third bullet point, "Failures of governance to ensure Queensland Health business needs were met." Was that discussed, do you think, in about mid-2009?

---I just can't understand that because by - is this mid - 1  
you say mid-2009?

Yes?---By mid-2009, Queensland Health had their own program  
office, their own project team, QHICs and QHESTs, and all  
those things. They were managing governance about - in  
regard to their business needs, so I don't - I can't  
imagine why - I can't - I don't know what that means.

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All right. What I want to ask you to do now is to have a look at the first page and the very beginning, the recommendation?---Yes. 1

You note issues in relation to the IBM contract with CorpTech, and that both CorpTech and Queensland Health are working to obtain a solution to these issues?---Yes.

May I suggest to you that encapsulates what was likely to have been discussed at any meeting in 2009 between yourself and Mr Kalimnios and Reid?---That is correct. That was the same thing in several meetings with my own staff, that whilst there are issues I think Natalie MacDonald said to you yesterday that we all thought that the parties were all working extremely long hours under extreme pressure to try and get a good solution to the issues. 10

Mr Reid's evidence was that his recollection about a meeting with you in mid-2009 was about delays that they were experiencing and how to move forward to avoid those delays or to change it, and that you indicated that you talked to IBM?---I don't dispute that, but I wouldn't have talked to IBM first. First, I would have talked to my associated director-general, Natalie MacDonald, and/or both Margaret Berenyi at that stage to make sure that we had the right story. I mean, just because Health was saying, "Hey, there are delays and IBM are causing that," I wasn't going to go leaping in and grab the head of IBM Australia without checking with my people first, "Is this correct," or perhaps the second side to this story. 20 30

I understand?---Quite often I would get a different side to the story.

I understand that. Can I suggest to you that the theme of the meeting in mid-2009 was specifically about delays, about how to work with CorpTech and IBM to achieve a solution rather than the detail contained in this brief? ---There is no doubt, Mr Ambrose, that by that stage in 2009 Mick Reid was clearly trying to get LATTICE replaced by a new payroll system and he was expecting his senior staff, and I was expecting my senior staff, and through them IBM to deliver that as soon as possible. Because there is no question we were all concerned that the LATTICE payroll could fall over. 40

I understand that. You had indicated a couple of times that your minister and you had been given this job, perhaps this dateless task, and that your job was to get on with it and achieve a result. Would you have conveyed that sense to Mr Reid and Mr Kalimnios?---Yeah. I'm smiling because I can recall in a meeting with Mick Reid I referred to it as a hospital pass no pun intended to get this thing, and it was a view that we held that we had. You get lots of jobs that you don't particular want, and I'm sure that Mick Reid 50

didn't want this either. Payroll is not something that a director-general normally regards as a key issue, it's usually a bread and butter issue in an agency, and so we were both concerned about getting this thing done as soon as possible, get a new payroll and get on with life.

1

Despite the frustrations, if I can put it that way, that Mr Kalimnios might have expressed to you, overall did you have the impression that he also was working to achieve a solution?---Certainly, he was working to achieve a solution, and below him there were people working to achieve a solution.

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I'm talking about mid-2009, that there wasn't this desire in mid-2009 to step outside of the proposed solution but rather to work within it to achieve a solution?---I'm sure that Mr Kalimnios would have liked to have had direct relations - to get a tri-partied agreement, I'm sure he would have liked a direct relationship with IBM. I think that some of the staff advising him were keen to do that as well, and as I said now on numerous occasions that's not something I had control over. If they wanted to do that then they needed to take it higher than me.

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Yes, thank you.

COMMISSIONER: Mr Wilson?

MR WILSON: No questions.

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MR DOYLE: Mr Grierson, do you have your statement with you?---You're Mr Doyle.

I am. You're well informed, Mr Grierson. You say in paragraph 20 - - -?---20, you said?

20, I did?---Yes.

That you heard a suggestion in the first part of 2008, probably in a CGO meeting - - -?---Yes.

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- - - that IBM were not meeting some deliverables?---Yes.

That's at least some months before CorpTech comes within your department?---There were the shared service - there was the shared service - - -

I think we understand. Before you were directly responsible for CorpTech - - -?---Yes, it was.

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- - - this is a bit of background in a sense?---Yes, okay.

What I want to ask you is: when you took over the reigns, when CorpTech was brought to your department, did you investigate what had gone before, to check what had

happened and to see just how the job had progressed to that time, to August, September - - -?---Did I investigate? 1

Yes?---no.

Okay. Did you obtain at least a copy of the contract between IBM and the state of Queensland?---I didn't but my staff would have. Could I just clarify something? When you said "do I investigate", I certainly took steps to make myself aware of some of the backgrounds as to what was happening. I called certain people like Karen Mottershead, senior partner of Accenture who had been involved, and she met with me and gave me her thoughts. I called a person I knew from way back, Gary Uhlmann, who's been in here, and he came and met with me in my office and gave me his views of what happened. I met, certainly, with the under-treasurer and discussed with him what he thought was happening. If that's what you mean by "investigate - - -" 10

Thank you. That'll be good. Just what did you discuss with Ms Mottershead was more discussions about the shared services roll-out and how it was being managed within Treasury and what were the problems they were experiencing, and I think that's the first time I heard about some tensions between Terry Burns and some Treasury people. 20

All right. Back to my more immediate concern. You personally have never read the contract, I take it? ---Never. 30

You know, do you, at least the structure of the contract, that it provided for things which are called statements of work and other things which are called statements of scope?---No. I've since seen - during my time I'd seen briefing notes where they mentioned statements of work, but I don't know how they're referred to in the contract.

Or what their contractual significance is?---No. I presume though that a statement - I presumed what a statement of work was, it was you do this and you get paid for it. 40

It remains to be seen. Do you know what a statement of scope was?---I know what a scope is.

Do you know what significance a statement of scope had under the contract?---No, I don't know the significance it had under the contract but I know what significance a statement of scope has.

Very good. Do you know, if I told you what statement of work 7 related to, is that something you already know? ---No. 50

I want you to assume statement of work 7 provided for IBM to carry out work to define the scope of what's called the QHIC project, the LATTICE replacement, you can assume that?---Okay.

1

There is a document called a QHIC scope definition which has been produced. Have you seen that document?---No.

Can you tell me, please, if you knew back in 2008, 2009, 2010, that there was a regime by which documents were to be produced by IBM, submitted to CorpTech for examination and ultimate approval, and upon approval they became the things which had to be done?--I was aware that there was a process where as points or issues were clarified it would be documented in some way, and I presume that's what a statement of works would have been, and then there would be negotiation regarding, "Is this something new or is this something that exists or has changed," and then the negotiations would focus on, "If this the case, how does it impact the program and who pays for it?"

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You might be - - -?---They were the sorts of concepts that I understood, I was never involved in the detail, but I understood that concept. 1

You've probably gone to a concept which is a little later than I - - -?---Okay. Sorry.

At the starting point, I want to see if you understand that there was, or at least you knew back then - that the contract itself contemplated that the scope would be defined by a document to be produced by IBM and accepted by CorpTech. Did you understand that?---My first discussions around scope were, I believe, when Barbara Perrott told me that the scope had been a subject of concern, controversy. This is when we just took it over, or maybe slightly before we took it over because I was briefed probably three or four weeks into the transition process, that this had been sorted out through change request 60 and 61. 10

Okay. Can you tell me if you've ever read change requests 60 and 61?---I have never read any change requests. 20

Thank you. So you were conscious of there being some issue about scope which you had believed had been resolved by change requests 60 and 61?---That's what I was told. Yes.

And you believed that they - - -?---Yes.

You certainly didn't do anything to check whether that was true or not beyond - - -?---No. If Barbara Perrott told me - - - 30

It's not a controversial question. You in fact accepted what she told you was - - -?---If one of my senior officers told me that was the case then I accepted that.

Very good. But you know that there were subsequent changes to scope, really that - I'm going to use the expression - dogged the project thereafter - the persistent or repeated requests for something new or different?---That's what I was informed. 40

So that whilst one speaks of there being constant issues about scope, in fact your understanding is there were constant changes to the requirements throughout the project?---The information I was given by my senior officers and others from other agencies was that the scope was changing; different versions I would receive about who was responsible - whether it was supposed to be in scope or whether it wasn't a scope change, but certainly I was informed that there were issues with scope changes. 50

Very good. Even if you've never seen the detail of it, you'll know that there was provision under the contractual arrangements for change requests to be prepared?---I

didn't, but every contract that I've ever had under my control always had open ability for changes and variations, so I'd be amazed if it wasn't there, so I would have assumed that.

1

You ultimately sign a change request, I think, Mr Grierson?  
---Did I?

Yes?---Well, there you go.

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There we are?---I have seen one then.

I don't know. You've signed one?---Well, I wouldn't sign a blank piece of paper so - - -

So you're aware there's a process for variations at least called change requests?---I assumed there was.

And you assumed it was being subjected to whatever internal review was required under the contract before it was approved?---I accepted that it was - - -

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You would expect that - - -?---Expected.

- - - they be dealt with properly and in accordance with the contract?---Yes.

And as far as you know, they were?---Yes.

Just forgetting anything other than the QHIC project, that is the LATTICE replacement, do you know how many change requests there were from 5 December 07 until go live?---How many change requests?

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Were approved?---Approved? No, I don't.

Thank you. You've told us, I think, that by July or in or about July 2008 you were of the view that something - that scope had to be locked in or it had been locked in. Do you recall that expression?---Yes.

40

Was that a view as to what you believed had occurred or what should occur? Do you understand my question?---Well, as I answered a similar question earlier. In discussions with my minister when we took this over and he was very concerned about it and the issue of what is it that came up - as a standard process with a building project - what is it they're doing here and the answer we had to find out - and in asking Barbara Perrott the answer was, "Well, the scope has been the subject of a lot of discussion, but it is now locked down with - we've got it locked down with 60 and 61 change requests, so that's it, we've got it."

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Okay. Again, in September, I think you told us, that you became aware that scope had moved again?---Yes, yes.

There had been additional requests?---Yes.

1

And on this occasion I think you used the expression you needed to freeze it?---I can distinctly recall meeting with the minister where that is an expression we use in building construction, we freeze a design. A design is frozen and that's it, no more changes. It is built to that specification and they were the words that we were meaning by lock down, freeze, finalise, conclude, whatever words you like, the scope - the words.

10

Agree the scope?---Agreed. That's another one.

That's a good one. Then I think you said in January 09 you believed that there had been more changes - - -?---Yes.

- - - and that scope had been frozen or locked by change request 184?---That's what I had been told.

Can you tell me please did you give an instruction, and if so, when, to CorpTech to permit no more changes in scope? ---I don't recall ever doing that. I certainly would have - I mean, that would be a bit silly to do that because if Health came along and said, "Guess what? The federal government have changed the rules, we have to change this," and they were doing that with parental leave, I think, and a few other things then we would have to change. There was never doubt in my mind that there was a legitimate place for scope changes; always is.

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Right?---But at that stage my instructions to CorpTech to Barbara Perrott were being, "Lock this down. Get some agreement and make sure that you clearly have an understanding of what is to be delivered."

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We'll go to the detail if we need to, but what you had in mind was an agreement which was expressed in some scope document and, no doubt, in lots of sort of detailed functional description documents, process documents, technical documents, functional documents an agreement that that is what's going to be provided, agreed to by all of CorpTech, IBM and Queensland Health. That's what you had in mind as being the agreed frozen position - the locked in position?---Well, both my minister and I were looking at the analogy of a building project and what we were saying was, "We have to have a locked in, locked down, specification otherwise this thing is just going to keep lying with money and budget and time."

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All right. So what you're talking about is in fact a specification, a document that specifies what's in it, what's to be provided?---Yes.

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Okay. You wanted it to be agreed and signed off by everyone?---Well, I wanted it agreed, yes. I didn't care if they signed it or not, but I wanted it agreed.

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GRIERSON, M.J. XXN

The best way to recognise it's agreed is by having it signed by CorpTech and IBM as the thing which is to be provided?---Well, I thought 60 and 61 had been agreed and signed and 184 had been agreed and signed, so I'm not sure if that really does apply.

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Okay. I've asked you when you directed CorpTech to freeze it and am I right to infer the answer is no because - - -? ---No.

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- - - you've got to recognise there is a role for legitimate variation thereafter?---Yes. I do not agree that I directed CorpTech to freeze it.

No?---No.

Your response is, "No, I didn't"?---Well, I can't recall directing them and that's not something I would have done because I accept that there is a legitimate place for changes. If change happens, change happens.

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And was there a direction given to Queensland Health to the effect - let's withdraw the word "direction". Was it communicated that Queensland Health, that, "Look, now that we've got change request 60 and 61 signed there really can be no more changes unless they're really important or, you know, the minister and I want this locked in, so this is it, unless there's some compelling reason"?---Well, I didn't specifically go up to the Health department and tell their officers that, but certainly in discussions with my senior staff I would make clear that if you're going to have a lockdown, you can't have a lockdown and not have the Health department understand that there's a lockdown. In fact, I am sure that I have seen briefing notes where senior Health officers Adrian Shea or Price agree that there was going to be a September freeze on scope.

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Okay. Should we understand that the sentiment was expressed by you to your senior officers that there should be a lockdown on scope change and you would expect that to be conveyed to Queensland Health unambiguously?---And I don't doubt that Queensland Health were of the understanding - as I've said, I'm sure I've seen memos by senior Health officers where they understood that there was going to be or had to be a freeze of some sort on scope changes.

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So that - - -?---And understanding of what both parties knew were going to be delivered.

Good. So that your expectation is after that sentiment was conveyed, the only things which were the subject of change requests were truly required changes to scope?---I would certainly hope so.

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And you would expect the whole of the administration of CorpTech is responsible for consideration of scope change and approval of change requests to bear that in mind from July 2008 onwards?---Well, I would expect the people in CorpTech to understand that - let me say it again. If the commonwealth changed some regulations or rules, or law, then it wasn't CorpTech's decision to question or argue with the Health department about changing or not changing. What I would have expected CorpTech people to do was to look at the change requests, evaluate it, make sure they understood what the impact was going to be, look at the cost implications of this, time delay implications, and hopefully then approve or negotiate or do what needed to be done to keep the project moving.

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Very good. I mean, I suppose it's a matter of - I'm trying to get to grips of what you did to implement this lock or this freeze and I don't want to test your recollection too much, but the sentiment that there had to be this restriction of scope change was undoubtedly conveyed and you would expect thereafter that a more parsimonious

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approach was taken to the approval of change requests and might have been the case previously. You would expect them to examine carefully any change request to satisfy themselves that it was a genuinely required change of scope?---I think I say in my statement that any change request I expected the CorpTech people to actually make sure that it was needed. And by "was needed", question whether the commonwealth had changed the rules, but that Health really wanted this, and (b) to evaluate the impact on the system. So, yes, they would have had to make sure that was the case, and I think I say - and QHEST evaluates the cost implications of that change.

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Very good. And as far as you know, that's what occurred? ---As far as I know, that's what occurred, yes.

Now, in September, on 2 September 2008, a letter was sent, which I think you say in your statement probably went with your approval?---I've seen that letter and I don't recall the letter but I certainly recall there was some discussions with Barbara Perrott about that and I don't believe that she would have sent that letter if I hadn't known that she was going to send it. I may not have actually seen the letter - - -

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All right?--- - - - but certainly I know what her intent was and I would have said, "Fine. Go for it."

Very good. Now, can I just test your memory about some things that were occurring around that time. I want you to assume change request 60 and 61 were effected at the end of June 2008. Doesn't ring a bell?---I'll take your word for it.

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All right. And in August 2008, IBM had sent a letter identifying that the go live would be later than was specified in change request 60 and 61?---I'll take your word for it, yep.

And this letter that I'm talking about, the one that Ms Perrott sent, is in fact a response to that. IBM identifies in its request for the extension of time or notification that it's going to be late a number of things, one which includes - well, one its own issue about testing equipment, I think, but there was also some things which suggest that there's been delay in the provision to edit information by Queensland Health. Now, do you recall that being discussed, at least, around about the time of this letter being sent by Ms Perrott?---I recall discussions about concerns about delays; I don't know when those discussions were, but certainly that is not - I heard that before.

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Well, I'll see if I can just jog your memory a little bit. Shortly after change request 60 and 61, there was a

requirement for or there was a need for Queensland Health to convey to IBM some detail about its requirements for the finance integration system. Do you recall that?---I certainly recall that.

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And you can recall that it was being suggested that they weren't doing it as promptly as, perhaps, IBM wanted them to do it. You don't recall that?---Oh, not specifically, but I'm not going to argue about it, I don't - - -

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And there was also something called a business attributes document, which is - never heard of it?---No.

Although, you've got some IT experience, you know - - -? ---Yes.

- - - that in order to build an IT system for someone to use in a business - - -?---Yes.

- - - you need to have some knowledge of the business attributes, the requirements of the business?---Yes.

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And you know that Queensland Health had to produce a business attributes document, however described?---Yes.

And do you recall that there was an issue being also raised about the delay in the production by Queensland Health of the final version of that document?---I didn't know that.

You don't know that? Okay. Well, in terms of the merits, if you like, of the things set out in Ms Perrott's letter, is that something that you really rely upon her rather than investigate yourself to determine?---Absolutely. I mean, yes, I mean, I wouldn't investigate those things personally, that's just impossible. That's - but when you talk about delays, the general tenor of the conversation from Barbara pre that letter was that there were delays occurring and that she believed that there was sufficient - right, I'll use the word "blame" - no, it's probably not the right word. Sufficient blame on IBM's part that she should send that letter.

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All right?---So it - so the issue of delays was certainly caused, but I did know, of course, that there were disputes because Bill Doak, of course, would be saying whenever he had a chance, we didn't cause this, the delays are a Health problem.

So you knew that, at least, the question of whether there was sufficient delays was controversial?---Yes.

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Thank you. Now, you refer in a number of places in your statement to being told about missed deadlines and delay, and so on, and should we understand that the detail of that would never be something that you check for yourself, you would rely upon other people to tell you?---That's correct.

Okay. Now, I want to move forward to, I think, later on. 1  
Despite change request 60 and 61, there were further  
changes in scope, as you described to us, which you  
believed were captured and dealt with in change request  
184?---Yes, yes, I believe, yes.

And we know - - -?---I didn't know it was 184 at the time.

No, one big one?---All I knew that there was - by this 10  
stage, Natalie MacDonald's on board and I know - and her  
advice to me was that we are going to nail this and that  
all this controversy, discussion about scope, out of the  
way, I think they were going to have workshops or something  
and finish this up with something that said, "Okay. We all  
agree this is it."

Very good. And - - -?---And it's - I now know it was  
called 184.

You now know because you looked at it recently?---No, I've 20  
never seen change request 184.

Well, we (indistinct), Mr Grierson?---I don't (indistinct)  
that there was thousands of contracts in my department and  
I never - it was just impossible for me to read and look at  
contracts.

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All right. If I were to suggest - I'll put it differently. 1  
Even though there were 61 and 60 back in - - -?---Yes.

- - - June 08 and 184, which I want you to assume in fact  
wasn't finalised until June 09, but it had some months of  
gestation, there were many other change requests, you know,  
don't you?---I'm aware that Natalie would brief - I met all  
my senior staff on a weekly basis and when I'd meet  
Natalie MacDonald, the Health payroll was always on her  
agenda and on numerous occasions she would say, "You're not 10  
going to believe this, but there are more changes."

Okay. So we shouldn't understand it went from 60 and 61  
through to 184 without changes. You were aware of many  
other changes in between those two, even if you're not now  
able to recall the detail of it?---Well, I knew that there  
were - yes, I knew that there were considerable changes  
required.

Thank you. I don't want to revisit this each time, there 20  
didn't come a time at which in the course of that that you  
said to CorpTech, "Enough is enough, scope is frozen. It  
can be no more"?---No. As I'll say again, I knew that you  
can never do that. Tonight's budget might bring in changes  
that were locked you locked the system's specifications in  
yesterday - tonight Wayne Swan could bring in something  
which means you have to institute the change. So I could  
never say, "That's it, lock down, finish." What you would  
do is to try as best you could to lock the scope down. 30

So each time you thought you achieved that, but then there  
would be some new changes?---That's correct.

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 40  
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.

COMMISSIONER: You have just underlined very neatly  
Mr Reid's and Mr Kalimnios' concern and the basis for it.

MR DOYLE: Just in that context, you recall you gave the  
commissioner yesterday an analogy, I suppose, of someone 50  
building a stadium and not putting grass on - - -?---This  
was with my minister, yes.

Okay. Your point there was to really say that - that arose  
in your discussion yesterday in respect of change requests

60 and 61. Do you recall that?---No. Well, I don't know. It arose in my discussions about the payroll finance interface.

1

Yes, okay?---Is that 60 and 61?

Please assume that 60 and 61 deal with that?---Okay.

And your view is, in effect, that is have been identified as something that would be provided under a contract or, at least, if the contract was silent about it, you would think it would be part of what's going to be provided?---Yes. My analogy - and the only reason - yes, okay. My analogy - -

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Yes is good enough for me, Mr Grierson?---Pardon?

Yes is good enough for me?---Well, it isn't good enough for me.

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All right. Well, you proceed?---I guess the concern I had was that I didn't - I knew that you had to have a strong finance payroll interface and there were changes and I didn't like the idea of changes of something of that magnitude after things had been started and supposedly scoped and people are building a system and then all of a sudden someone says, "Hey, we better have a - we need to get a decent finance payroll interface in here." I mean, that really concerned me.

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Did it? Did it concern you enough to look at the scope document to see what it provided for in relation to the finance interface?---No. It concerned me enough to talk to the people who were managing those things and say to them, "Is this locked down? Is there a finance payroll interface that we can rely on?"

And their answer was, "It is now in change request 60 and 61"?---I don't know which - yes, but you're telling me that and I'll accept that, but at some stage I knew that there had been an agreement that IBM were going to do the finance interface as opposed to Health doing it with PAYMAN or something else.

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So your understanding was that it was a change from Health doing something and IBM doing something?---Yes, yes.

And it was effected by a change request and - - -?---Well, I assume that was the case.

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Thanks. You've referred to various meetings with Mr Doak? ---Yes.

And we've been given your diary for two months. Why only two months, just out of - or three months I think it might be?---I don't know. I don't have access to my diary. If you'd asked for 12 months, I'd give you 12 months.

1

I don't have access to it either?---No.

This is the early period and you certainly recall meeting Mr Doak shortly after he came on board, if you like, and you came on board?---That's correct.

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The meetings were - you resist the idea that they were weekly, but you think at the time it was more like fortnightly?---Well, the diary - I certainly did not believe I met with Bill Doak on a weekly basis and when I asked my former secretary, because it's a long time ago - I asked her, "Did I meet with Bill Doak on a weekly basis? Can you check that?" and she checked the diary and said, "No, it was a fortnightly meeting, but often you were away down south, Canberra, wherever and Bill Doak would either meet with somebody else or we would defer it to a monthly meeting."

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Okay. There's entries in your diary we could go to, I suppose. Broadly speaking, if it's in your diary, it's likely to be right. Is that - - -?---Well, if it's in my diary it's likely to be correct, but that doesn't mean to say that - as I said to you before, with certain individuals like Mick Reid - - -

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Let me withdraw that. At least concerns the meeting with Mr Doak - - -?---Yes.

All right, thank you. In the early couple of months, which I'll confine my questions to for the moment, you were in part at this meeting expressing to him your concern with the fact of changes to scope in the - - -?---He was raising that with me.

Okay. He was raising it with you?---Yes.

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But if you'll forgive me, by the sounds of what you were saying to us today and yesterday, it, too, would have been a concern for you and your minister?---The changes of scope?

Yes; that there were changes taking place - - -?---Yes, yes.

- - - to the point that in July 2008 you and your minister had discussed locking it in?---Yes.

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And by September 2008, freezing it as - - -?---Yes.

That's the language used?---Yes.

Neither of which come to you spontaneously - it would be because you had known of there being changes to scope and wanted to do something to prevent it?---Yes.

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Even though you thought you had locked things in with change requests 60 and 61, you knew that they hadn't achieved the freezing that you hoped for?---That's correct.

That was the frustrating thing, I suppose?---Very frustrating.

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It's likely, without pointing the finger at anyone, that you said that to Mr Doak in one or more of these meetings you had with him?---If you're asking did I acknowledge with Mr Doak that there were changes occurring, certainly I acknowledged. I knew that there were changes occurring.

It wasn't acknowledged in a neutral way in the sense of, "Oh, there's another one," or even in a laudatory sense of saying, "That's a good thing." You were saying, "That's an unfortunate thing, a frustrating thing. Let's see what we can do about stopping it"?---I can't recall those exact words, but I'm happy to say that that's the sort of - you know, that was the message that I wanted to achieve to get this thing implemented.

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And it's a message you wanted to convey to IBM certainly. Yes?---Well, IBM weren't generating the changes, but - that I'm aware of mostly.

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Yes. It was a message then that you wanted to convey to Queensland Health and to CorpTech to pass on to Queensland Health. Would that be right?---You're asking me about something six years ago. I can't recall exactly how it was conveyed, but if you want me to say, "Yes, I was aware that there were scope changes and, yes, I wanted it frozen," and, yes, I would have expressed that frustration to people when it wasn't - when there were more change requests and certainly I was frustrated.

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One of the people you would have expressed that to was Mr Doak?---You're saying that. I don't recall it, but I was certainly frustrated.

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Very good. Thank you. Now, one of the things that was perhaps the same thing was causing your frustration is an apparent inability to control the emergence in sort of a peace meal way of changes of scope, that you couldn't lock it own once and for all, there would be bits emerging one week and a bit more another week and so on? You're nodding, so you're agreeing with me?---Well, I'm agreeing with you that the information I kept receiving was causing me frustration, that we could not lock this thing down.

1

Would it be right to say that you had at least some concern about whether the management of CorpTech were being true to the sentiment that you've told us you would have conveyed to them to in fact restrict, to lock it down and to restrict - - -?---No, I was under no misapprehension regarding the fact that Barbara Perrott knew that I wanted it locked down, and I clearly understand that she wanted it locked down too.

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It may have been of her. Further down the chain, somehow or other this message wasn't getting through or wasn't being given effect to. Did you have that belief at the time?---No, I dealt only with Barbara Perrott or James Brown in the organisation.

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All right?---And I did not deal with any of the senior Health people other than probably Michael Kalimnios or the obviously the director-general, Mick Reid.

You told us this morning, and I think these are the words, "Bill Doak was forever whinging about having to do retesting and so on after scope"?---A bit colourful, wasn't it?

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No, it wasn't as colourful as perhaps you can be, Mr Grierson, but that's right, isn't it?---Yes.

He was complaining about that?---Yes.

Do you recall when that was?---Regularly.

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That the complaint was every time there's a scope change it not only means we've got to accommodate the scope change but we've got to go back and redo something, some testing, and other things?---They were the messages that he was giving me, and after he'd have a meeting with me you will recall if you looked at the diaries that I was never meeting with Bill on my own. Barbara Perrott, the head of CorpTech, was at those meetings, so Bill said, "There's been a delay because of testing not being done or not being checked," or something, Barbara would probably respond and say, "Yes, Bill, that's correct," or, "Hang on, Bill, that's not right because such and such." So I was getting both views, it was not just getting Bill's view at those meetings.

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But this is a regular thing, this topic, whinging, as we'll call it, was a regular observation at these meetings?---Yes, complaining about things, yes. I don't like the word "whinging".

1

Okay, I'll withdraw your word. Do you recall what particular testing was referred to or not?---No.

Do you recall whether it was to do with systems testing? ---No, but I am familiar enough with IT systems to know what testing goes on, and I know that were in system testing for the modules that they were developing for payroll.

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I don't want to press you too hard, but do you recall when the whinging stopped or not, when the complaining about this particular thing stopped?

COMMISSIONER: Isn't it still going on?

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MR DOYLE: Well, I'm not Mr Doak.

COMMISSIONER: I wasn't aiming at you directly, Mr Doyle, I was referring to all of us.

MR DOYLE: Answer my question and not the Commissioner's? ---Whether it stopped?

Yes, if it ever stopped and relevantly to the go live?---My diary is, I'm told, and I haven't seen them, but I'm told that after February 2009 the so called regular meetings with Bill Doak stopped anyhow. When Margaret Berenyi came onboard he would meet with her and my meetings were restricted mainly then to Peter Monroe or his boss, head of Australia. That doesn't mean to say that bill stopped complaining to others about delays or whatever.

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Would you accept this: one of the things that occurred in the meetings that you had with Mr Doak, and I know that other people are present, was that you listened to what was said, you'd get feedback from Ms Berenyi or Ms Perrott as the case may be, and if there were issues that you thought needed following up you would either yourself do it or ask someone to do it. Yes?---Yes.

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There's been a question about whether you were instrumental in some way in Mr Price being removed from chairman of a particular project board?---Yes, I saw that yesterday for the first time.

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I just want to take you to some documents about that. It's your recollection that you weren't, is that as we should understand it?---I don't know Mr Price.

That may be so, but is it your recollection that you, personally, do you know nothing about this topic other than what you've heard - - -?---I recall absolutely nothing about this until I was shown a document yesterday.

1

Should we infer from that, that you don't recall having any role to play in Mr Price's removal from something?---No, I don't. In fact, I think the document that was shown to me yesterday said that he was replaced with Terry Burns. My statement says quite clearly I didn't even know - I believed that Terry Burns was in Health at the time.

10

I think you may be wrong about that?---Okay.

I'll show you some documents. Could you go to volume 9, please?---What page?

The page I want to go to is 230.

COMMISSIONER: I'm sorry, I missed that.

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MR DOYLE: 230. This is the email you were taken to yesterday - - -?---Yes.

- - - do you recall? I don't want to discourage you from reading all of it, but if you go to the second page, that is, page 231, to the last paragraph, just read that to yourself. You'll see that's where there's a reference to the response to our request to Mal Grierson et cetera? ---Well, I can tell you honestly I don't recall any of that.

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You don't?---No.

You'll see that it suggests that in the past Mr Burns had chaired something and it had worked well. The gravamen is that it's not (indistinct) Mr Price, and that had been communicated to you and you don't recall any of that?---No.

Whilst we're in that volume, go to page 209-1?---Yes.

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You'll see Mr Price is shown as the chairperson - - -? ---Yes.

- - - of the QHIC project directorate?---Yes.

That's the thing that Mr Doak's email suggests he had some discussions with you about?---Yes.

You know, don't you, Mr James Brown replaced Mr Price as the QHIC project directorate chairman - - -?---No, I don't.

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- - - after that meeting?---No, I don't.

You don't?---No. I would never have got involved at that level.

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GRIERSON, M.J XXN

I'm not asking whether you got involved at that level. Do you know - - -?---No, I'm suggesting - you ask the question, and I'm saying I would never - I would not be informed of a change of a chairmanship of a Health department committee at that level. **1**

Should we understand that you can or can't recall a meeting with Mr Doak in which he asks you at least to do something about the chairmanship of that - - -?---I cannot recall a meeting with Mr Doak. What date is this? **10**

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1 July?---2009?

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2009?---Well - - -

And on 30 June 2009, Mr Price is a chairman and certainly by August 2009 he ceases to be?---Well, can I suggest to you that by June 2009 Natalie MacDonald, my associate director-general, was running the QHIC project and Bill Doak would have been in a meeting with her, not me, to discuss anything about the projects. I get that I was meeting Bill Doak in the middle of 2009, so that's the first thing. The second thing is I certainly - I did not know that Tony Price or I can't recall ever knowing - as I said, I don't know Tony Price and I don't know whether he was chairman of QHEST or QHIC project directorate. I did not know who was on the QHIC project directorate and that is not something as a director-general I would be expected to know.

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Right. The second thing that was discussed with you yesterday was something about at-risk payments. Do you recall that?---Have we finished this one?

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Yes?---Yes, yes, at-risk payments; yes.

Yes. One of the things that Mr Doak discussed with you at these meetings that he had with you concerned - and he would have been putting in terms that it was a bad thing for IBM, but that at-risk payments were being withheld by reason of issues beyond IBM's control, words to that effect?---That he regularly raised the issue of payments and I think the John Beeston topic was about payments being delayed because of what he called bureaucratic slow processing or bureaucratic nonsense, or something, that he would have - he believed was delaying the payments to IBM that legitimately should have gone to IBM.

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I understand. Well, it may be that you can't now recall any distinction about these things but you do recall Mr Doak talking to you about what he contended to be unjustified withholding of payments to IBM as a result of bureaucratic approach?---Other than Beeston, I cannot recall specific instances, but what I'm saying to you is that I do recall that Mr Doak - the payments was an issue that he would be - would regularly be focusing on.

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And in that context, do you recall an aspect of what he was focusing on, the at-risk payments?---I can't say specifically. I think the payments in general, what particular payments they were, they were simply payments - my recollection is that they were payments that he really dived in was due for - whether they're at risk or not, I don't think - - -

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Do you have your diary with you, that is the extract of your diary, exhibit 117?---The extract of my diary - - -

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GRIERSON, M.J. XXN

Yes, that's it. Go to 11 September, if you would be so kind?---Yes.

1

You have there an entry 11 o'clock - - -?---Yes.

- - - of, "Meeting Barbara Perrott re IBM at-risk payment"?  
---That's what it says.

I suppose you have no recollection what that relates to, apart from what the words suggest?---Well, I suspect it relates to IBM saying that "we're entitled to some money" and Barbara wishing to discuss it with me as to what they were entitled to or not entitled to and what action she would be taking.

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Well, let's cut to the chase, Mr Grierson. You are not suggesting that Mr Doak didn't raise with you in the meetings a concern about at-risk payments being withheld?  
---No, I'm not.

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Okay?---I just don't recall specifically a meeting where the term "at risk" was. I mean, I'm agreeing that Mr Doak raised issues with me about payments, and if you're saying that some of them were at risk, well, I accept that.

Very good. And consistent with what one of the functions of this meeting was, you would here have to say you would investigate or ask Barbara to investigate it and to take whatever step was appropriate about it?---Yes. I would - it would be unusual for me to investigate it. My senior staff would investigate it.

30

Very good. Can I move to a different topic, please, and that is the general topic of way forward?---Way forward?

Way forward?---Yes.

You know - perhaps you don't - at some stage the contract contemplated that IBM would produce fixed prices for things which under the contract had been expressed as best estimates. Tell me if you don't know that?---I'm aware that there was - I think when Gerard Bradley sort of breached the - we had a meeting with Gerard pre handing over - I think there was a - I was aware that there was some things that were fixed in price and then there were other things that were still being negotiated or need to be sorted out.

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For which best estimates had been given?---I was - I don't know the term "best estimates" was given, but that's - - -

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All right?---Well, I don't know if I gave best estimates; all I knew there were issues that hadn't been resolved as far as the size and the cost.

I'll try to summarise it this way?---Okay.

14/5/13

GRIERSON, M.J. XXN

Ultimately, some documents were produced in which IBM gave fixed prices for things which had previously been, I want you to assume, a best estimate?---I assume that. 1

And in doing that, it was presented in a presentation in August 2008 and again in October 2008. Do you recall that? ---To me?

To you. Well, to your department in - that is to CorpTech? ---Well, I don't know, but if you say that, I'll accept that. 10

Just that it's been suggested to you that it emerged at some stage that IBM, in part of the scope forward or way forward, presented estimates which showed that the job couldn't be finished for the price originally estimated. And I'm not suggesting that's wrong. In fact, the documents they produced show that the fixed price components were for all intents and purposes the same as the best estimates but they identified a whole series of additional things that had been requested. Do you recall that?---I recall that there was discussion about IBM undertaking review and I think the comments that were made to me at the time was they can't do - that the full roll-out can't be done for the prices that they had bid, they believed it was going to be more expensive or words to that effect. 20

All right. And this was - I'm suggesting to you that in fact presentations were given - tell me if you can't recall this - which identified the reason for that was that there had been additional things that - additional services that had been requested?---Presentations weren't given to me about that. 30

So you can't recall?---No, but I'm not disputing that presentations may have been given to CorpTech staff.

Okay. Thank you. Never mind. Now, you had, it seems, three meetings with Mr Salouk?---So I'm told, yes. 40

Well, let's see how we go with the one in December 2008 which was apparently a restaurant somewhere. Do you recall the occasion at all?---No.

So you can't recall any of the conversation?---I think I said - I'm not sure if I said it yesterday, but I didn't even remember Mr Salouk until I saw him television the first day this commission opened and then I remembered who he was and, yes, I do recall meeting him and taking along my assistant director-general, Robin Turbit, to that meeting with him, and I do remember his concern. I have known Accenture very well and I was prepared to sit and listen to what his concerns were. 50

So was that you were listening to his concerns? I'll tell you the one thing I want to ask you about. The concern - - -?---We did call a meeting. **1**

The concern apparently is to persuade you that the job, whatever the job is, can't be finished for the prices IBM is saying?---I think that was the general message he was trying to give.

How does he know the prices?---I think I just said that an hour ago, that I have no idea what - on what basis Mr Salouk would make these decisions or I have no - in fact, I may have been a little bit unfair to Mr Salouk but I wasn't terribly interested whether Mr Salouk thought that I should have done this or I should have done that. I listened, but - and I think I said the other day, I would have had those meetings so often with people who had lost tenders and that the theme was exactly the same every time. **10**

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No. But the one I'm asking you about is not the one shortly after the loss of the tender. You've had three, apparently, December 07, December 08 - - -?---Oh, yes.

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- - - and then in February 09. I want to know whether you told him in the December 08 dinner or lunch or whatever it was?---December 08 was a meeting in my office.

That one. Did you tell him what the contractual arrangements were with IBM or what these statements of work prices were?---In December 08?

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Yes?---I wouldn't have known what the statements of work were or their costs.

Again, in February 09, did you tell him what IBM's costings were?---No, no, no.

But he was telling you, in effect, it couldn't be done for the prices that IBM were offering or suggesting or whatever?---Yes.

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I want to know, if you can help us please, do you have any idea?---I have no idea. That's the point I was trying to make before, but having said that, I know enough about the IT industry in Queensland, that people talk around and people move from company to company, so he may have had information from others that I don't know about.

Very good. Just a few more things. You were asked by the commissioner, I think, about the things which occurred in the second half of 2009 and I want you to assume that is after 184, change request 184, is agreed that prevented the late 2009 go live. One of the things you mentioned was a change in the model or the business model of Queensland Health?---Yes, I know it well.

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Tell me please what it is you know?---I don't want to tell stories because the commission wants short answers, I'm sure, but I was aware that - I remember having a discussion in fact with Andrew Fraser and Tim Nicholls about it that the - one of the issues was that my wife had been a nurse and I'd asked her about her payrolls and her comment was, "Look, we always had Tom in the pay office downstairs whom we could go to and Tom would say, 'Yes, I know your overtime has been delayed, but it will be fixed next week. Don't worry about it.'" What seemed to be happening was that there was going to be no Tom or a pay officer in the hospitals. What Health were seeming to do was to pull it apart such that if you wanted to talk to somebody about leave, if you were a nurse or a doctor or staff member, you had to talk to somebody in Mackay. There was a hub in Mackay, I think it was. If you wanted to talk about something else, maybe superannuation, you maybe had to talk to somebody at the Gold Coast. I was familiar with this

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concept of what they were doing of, I guess, pulling away from the pay office in the individual hospital as it was explained to me that's what was happening.

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COMMISSIONER: Mr Grierson, I understand perfectly well what happened. My concern is when it happened or, at least, when it was decided that the model was to change - - -?---Well, I couldn't you, commissioner.

- - - from this advice to a centralised model?---Well, you'll have to ask the Health Department. I don't know.

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Yes, well, we're doing that.

MR DOYLE: Yes, all right. Thank you.

In the course of a question you were asked which assumed that this was a failed project, you referred in your answer to some issues concerning data migration and business management. Do you recall that - business readiness I think it's called?---Yes.

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Can you explain please what you mean by those and why that's relevant to an understanding of your earlier answer?---Well, the best system in the world relies on the data that's put into it and relies on the people running it, inputting data and reading reports and so forth and what I was referring to was the fact that when this went live, I was getting reports - the first reports for the first month that were coming through to me, I was overseas at the time, but I was getting almost daily texts and phones - the information we were getting, we, the department was getting, was that most of the problems related to data or some decision that had been taken that if there was no roster available then people wouldn't get paid. Now, that's the same as data, no roster - the data was not in the system for the roster and I recalled discussing that with the head of Premiers and Michael Walsh and certainly Philip Hood, who was running the system, and as I say in my statement, one pay - as soon as I came back from overseas - I said to Philip, I called Philip up, with Natalie MacDonald and we said, "I want you to go back and I want you to look at every person who got a no pay and find out why, analyse everyone personally," and he did and I remember him coming back to me and saying, "Look, there was a large percentage" - I don't know if it was 30, 40, 50, but it was certainly a large percentage of people - there was simply no bank account information in the system. No matter how good the system is, if it calculates a pay and then there's no information in there about the bank account, the bank code, BSB number, then you can't put the pay anywhere so that, to me, was a serious problem. If I can go on, the problem that I had with that was that the system - I know it was data, but the system should never have let a record sit in the payroll with no bank account

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or BSB and that's what I was angry with IBM about, "How could you let a system go live and you let records in there with that information missing?"

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I don't want to understate it, there was an absence of data or data migration question?---Yes.

Presumably the data that was in LATTICE would have included the bank account details?---I would hope so.

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Otherwise this issue would arise under LATTICE?---Yes.

So it was the incapacity of that data to be migrated into the new system which - - -?---I didn't know if it was an incapacity - whether the data was coming from the new system or whether these were new starts or transfers in the Health system. There's 78,000 people. We have 1000 people moving around all the time. Every pay cycle there were hundreds of thousands of transactions. I don't know if it was new people and, therefore, the data hadn't been put in properly or whether it was existing payroll information that hadn't been converted properly.

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All right, thank you. One last question. You were asked about your decision, in effect, not to terminate Ms Perrott - - -?---Berenyi.

- - - Berenyi's contract. Was part of your thinking to not do so to retain within CorpTech someone who had knowledge and experience of the history?---No, not for one second.

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Right?---I just believed - should I stop there?

No. I'm happy for you to tell me?---Well, I didn't. As I said before, I believe that the information that she had been given was - her decision was a reasonable decision based on the information that she had.

Thank you.

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COMMISSIONER: Mr Kent?

MR KENT: Thank you, commissioner.

Mr Grierson, you point out in your statement, I think, that when you were director-general of works, Department of Public Works, it had a wide range of responsibilities. Correct?---That's correct.

I think you've already spoken about the 1000 contracts and so forth?---10,000 people in the department, budgets in the billions and a whole range of responsibilities over - unfortunately, I hate to admit, I see that racing was one of them and there may be another inquiry - - -

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At least (indistinct) of New South Wales so it's no problem there. As a result, you relied on, as you've told us already, briefing notes and recommendations passed up to you?---Yes. **1**

When you were director-general, but before you became directly responsible for CorpTech, is it correct to say you already had some concerns with the concept of the Shared Services initiative?---The Shared Services initiative, yes, I had concerns about that from day 1. **10**

In terms of its practicality in attempting to apply itself to all these departments across government?---Yes, and I guess I had a different position. I was coming from a different position because the Department of Public Works, as I mentioned yesterday about QFleet or QBuild or the Government Printing Office or all of those, they were all whole of government services and I was familiar with the difficulties in getting departments to work within whole of government with resistance. **20**

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To your knowledge, there had been some problems with the roll-out of this initiative in Housing?---Yes, that was common knowledge.

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It's perhaps also common knowledge that was a much smaller and simple department than Health?---It was smaller in size and complexity, particularly the awards.

As you tell us, you were a supporter of a prime contract model but, as you also say, it requires carefully defined scope?---That's correct.

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You've told us that when you took over you thought that scope had been ironed out. It turned out not to be the case. Correct?---Yes.

Can I just ask you about from the time when your department took over CorpTech, I think the official date is 1 July? ---That's correct.

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As you describe, you became, as time went on, somewhat disillusioned with IBM but your view was it wasn't easy to extricate the government from the contract. Correct? ---That's correct.

And you offer a few reasons for that. May I summarise them to see if I have this correct? IBM, as you perceived it, would resist termination of the contract?---I expected they would.

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Did you consider it not easy to find quickly a suitable replacement for IBM?---If we terminated IBM and you wanted to have a replacement the government procurement policies required you to go back to tender. We know how long that takes, you're looking at months, if not years.

Did you have concerns about problems with transferring the existing subcontractors that were working for IBM and also the intellectual property that IBM had acquired during the project to that point?---If you terminated IBM and said, "We'll go to tender and we've selected blogs to take over," I mean, I can't imagine that IBM would have said, "You can take over all of our consultants and here's all our intellectual property to date." That just wouldn't have happened to my judgement, so you therefore would have to assume that the new prime contractor, if it was a prime contractor, would have to start all over again.

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You also had a concern which you told us about several times about LATTICE being unsupported and failing. Correct?---LATTICE, this has been discussed a lot in this commission, there are three people who I believe knew more about LATTICE in Queensland than anybody else, and that was Phillip Hood who was running it from week to week, Janette Jones, I think, who was actually running the payroll in

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Health and so she lived by it fortnight to fortnight, and of course Barbara Perrott who was overseeing it. There was no doubt in my mind that if Phillip Hood and those other people told me that LATTICE was a huge risk, it was a huge risk. Can I also add that when the auditor-general did his review in June 2010, he had his IT specialists do a thorough review of this issue and there was nowhere in the auditor-general's report that he has any doubt that LATTICE was a huge risk.

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So far as your position was, you particularly were aware of an respected the concerns of Mr Hood?---He's the best you get, you don't get any better.

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When you acquired or inherited CorpTech from, I think, Treasury July 2008, as you've already told us, you were concerned of what you were inheriting and did a review. Correct?---Yes.

You became aware of concerns about IBM's performance at that stage?---I'd been aware of concerns about IBM's performance being expressed to me before that time.

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All right. Are these some of the concerns that you were aware of, there was allegations at least, missed deadlines?---Yes.

There was apparently friction with some government staff. Correct?---Yes.

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This is what's being recorded here?---It's only been reported to me. I knew that there was an original deadline of go live in August 2008, and we'd arrived at August 2008 and hadn't gone live so it wasn't just people telling me I knew it as a fact that there was a missed deadline.

Is it fair to say that there was blaming of delays on government and that those blames were sometimes justified but sometimes not, as you perceived it?---Yes, every time an issue was raised I would hear both sides, usually.

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I think you've already confirmed to Mr Doyle this afternoon in relation to any idea that you actually terminated or made some arrangements about Mr Beeston at IBM's request, you certainly don't recall doing that?---It didn't happen.

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It does seem from everything referred that by September 2008 you were aware of escalating tensions in all of this but it seems you didn't want to go to the step of litigation. Correct?---That's correct.

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Why not?---Because we had only had the thing for a couple of months; we were still in the process of what my minister was calling due diligence, and I believed that IBM had done the right thing, put in a very senior man and I expected changes. We - I and people in CorpTech were believing that - and so was Kalimnios and Sielaff indicating that things were improving under Doak, Bill Doak, and I just wanted to - I wanted to see if we could deliver this thing. That's what the premier expected us to do, that's what I wanted to do.

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Late 2008, it seems, you reviewed the CorpTech management and made arrangements to replace Ms Perrott with Ms Berenyi?---Correct.

Was that an attempt to make a positive change from the government's side in the management?---It was. Barbara Perrott was a good project manager but her strength very much was in the Shared Service Agency area and I moved her back to take charge of that, and I sought somebody with extensive IT experience to come in to head up CorpTech and Margaret Berenyi was the deputy director-general of LANs department, I think, at the time, but I knew that she had extensive IT experience and she had agreed to come over and do it.

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Can I ask you about direct contact that you were having with IBM representatives. From what you've said already, is it correct to say that you dealt with people at higher levels about the overall picture. Correct?---I dealt with people as high as I could get to.

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And what you were concerned to communicate to them was the government's level of concern about the overall project rather than details of the work?---We never discussed details at those levels. It was more a discussion regarding the fact that there was tension within the project and a project like this doesn't need tension, and that I wanted to ensure that IBM gave us the very best resources they could. Can I - - -

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COMMISSIONER: Yes, finish?---Well, I expressed in my statement that I had been to visit the vice-president of IBM Australasia, number 3 in the company, and he had a lady, Nancy Thomas, and I mentioned in my statement, who had experience in bringing 100 finance systems all together

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under one new SAP application. Now, that's the sort of person I expected IBM to put on our project and they didn't, and that's why I was - that's my concern about A team, B team. I really wanted - I thought that we would get a Nancy Thomas. I had asked her to come to Australia and she did, and brief directors general and ministers about the difficulty in SAP, big applications like this. She did that for us. I expected IBM to bring one of their gun people from around the world who had done this similar project, and they didn't, and it wasn't until Bill Doak, who I believe has that experience, Bill Doak appeared, that I believe that things started to gather some momentum. Unfortunately, and this is my belief, the project had gone a bit off the rails by then and Bill was forever in catch up mode.

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MR KENT: I have a question following from that, but I can ask it after lunch.

COMMISSIONER: Yes. How much longer are you going to be, do you think?

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MR KENT: I would be another 15 or 20 minutes.

COMMISSIONER: We'll adjourn until half past 2.

THE COMMISSION ADJOURNED AT 1.04 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.31 PM

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COMMISSIONER: Mr Kent?

MR KENT: Thank you, commissioner.

Before lunch, you were talking about your interactions with high level IBM people?---Yes.

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As far as you could see this, did they seem to be trying to address your concerns that were communicated to them? ---Yes. I explained earlier that we'd liaise with the vice-president Australasia, he agreed to send Nancy Thomas, one of his experts, out to Queensland. When raised with IBM state people, Bill Doak came on board. When raised with the general manager of IBM Australia, he certainly had Peter Munro, one of his senior executives assigned to be a person I could deal with direct so on that basis they seemed to respond to my concerns.

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So there were channels of communication, indeed in Mr Doak's case, an extra level of management of the project. Is that right?---Yes. Mr Doak isn't a project manager. He's a - - -

A director?---- - - program director.

A program director?---So he may have dozens of projects like that in his - - -

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Yes, all right. You've already given some evidence about your meetings with Mr Doak and I might just take you, if I can to exhibit 117. I'm not sure if you've got it there, but that's the copy of a diary?---My diaries?

Yes?---For what period?

Exhibit 117 should be from 1 August to October - - -? ---Yes. I've got that one, yes.

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Can I take you firstly in August to 8 August please?---Yes.

That has the entry there at 11 am of the IBM fortnightly project meeting?---Yes.

And saying who attended?---Yes.

Yourself and Mr Doak, Ms Turbit and Ms Perrott. Correct? ---Yes.

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From your memory, can you tell us, did that meeting occur. Do you know?---I can't, but I assume it did the fact it's there.

Yes?---And if I was meeting with Ms Turbit immediately before to be briefed, I would imagine it would have gone ahead.

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That's logical?---Yes.

All right. Go forward to 22 August, please?---Yes.

And mathematically that is 14 days later. Correct?---Yes.

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Again, at 11 am we have the meeting - - -?---The same thing, yes.

- - - with the same people attending. All right?---Yes.

Just have a look at that. I should ask you do you know or can you tell us whether or not that meeting occurred?---No, I can't, but if it's there that's fair enough.

It's likely to have?---Yes.

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Just have a look at 26 August, please?---Yes.

I might just ask you this, it may be obvious, but this comes up a bit in this diary, at 8.30 what does "mail time" mean?---Mail time is when I sign the hundreds of documents that people have given to my staff for me to sign either overnight or first thing in the morning before the day starts.

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All right. This time at 9 am there's an IBM fortnightly project meeting?---Yes.

Yourself, Mr Doak, Ms Turbit and Ms Perrott?---Yes.

That's at a slightly different time. It's only four days after the previous one. Do you remember that one in particular or not?---No, but maybe that indicates that that one four days earlier didn't happen and so it was rescheduled. That's the only explanation I have.

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Okay. Just have a look at September please. If you look at 2 September - - -?---Yes.

- - - we have one of these meetings again, including Mr Beeston at 9 am?---Yes.

Can I just ask you this, the entry there is, "This calendar item has been archived." Does that have any particular significance or meaning to you?---Not to me. I think that probably since I've retired, all of these have been archived. I have no idea what that means.

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Okay?---It's an IT - the IT fellows should know the answer to that.

Do I take it - I mean, you've got a document in front of you there - that this is a printout of an electronic diary?---Oh, yes. Yes. 1

Okay. Just go forward to 5 September and you'll see there two things. You're marked as being off sick?---Yes.

The fortnightly meeting is entered at 11 am?---Yes.

Do we take it from that that the being off sick takes precedence over a meeting?---I think I was in St Andrews having a heart attack, so probably. 10

You didn't come in from your sick leave to have a meeting? ---No, no, no.

All right. Just have a look at 19 September. The same thing happened here - - -?---The same thing, I was overseas. 20

- - - except that you're overseas rather than off sick. Correct?---And in those cases, Robyn Turbit would chair - would be the senior officer, so if chair is the right word, she would conduct a meeting.

Just have a look at 3 October?---Sorry. Can I add, or the meeting would be deferred until I returned.

Do you know which one happened?---I don't know which happened in that case, but I know that often a meeting would be deferred and that's why in my statement I say sometimes they drifted out to monthly, I think. 30

Just have a look at 3 October?---Yes.

The same thing again?---The same thing again.

I take it you're still overseas at that stage?---Yes.

And have a look at 17 October?---Yes. 40

So that's the regular one at 11 am, but at the same time you have a meeting with Ms Turbit. Do I take it that means that you had a brief meeting with her before the project meeting?---Well, it could or it could be that - you see, electronic diaries - when these things are put in, they're put in and the button is pushed so they just record every Friday - yes, fortnightly Friday. It would be there, but perhaps it wasn't going to happen and so I had a meeting with Robyn Turbit instead. It may have been deferred and for some reason I was meeting with Robyn. I don't recall. It's too long ago. 50

I stand to be corrected on my maths, but that seems to be about five - it definitely went ahead in that three-month

period?---Well, there's five that are recorded in there. I'm not sure how many actually went ahead. It would be a maximum of five. You're correct.

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Okay. Going forward to 2009, you had been asked quite a few questions about change request 184 and you know generally about change request 184?---Yes, yes.

Is it correct to say that Ms MacDonald came on board in May 2009?---Yes.

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And from then up until 184 was signed, did she have management of details of what led to 184?---It's - - -

Rather than you is what I'm suggesting?---Well, once Natalie, Ms MacDonald, came on board, CorpTech and that whole area was under her control.

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Right. Can I just test your memory about things that might have happened post go live? You've given some evidence about it, but were you aware of defects that may be related to the system rather than other things coming to light after a period of time, perhaps after the third pay run? Is that something that you were aware of?---Well, when I returned from overseas we would have been into the - we probably would have had the second or the third pay run by that stage. My briefings from the people that were running it, Natalie and Margaret Berenyi and Phillip Hood, I know I talked to Phillip Hood, were along the lines that there were a lot of data issues. Whether that was - I can't remember - about the bank codes I talked about, but certainly data is things like no rosters in and therefore no roster would get paid. But there's always a cause and effect and there were thousands of forms that were never input into the system, I was aware of those things, but I was also aware that the system was not performing as it should. It was running slow, there were issues about the number of users on Workbrain, and I know there's debate about how many should have been on Workbrain and what it was scaled to. There were certainly issues about the performance of the system, so whilst I believed the majority of the problems were data related at that time, I also know that a lot of the times the process for them getting roster information in was not as easy as it should have been and that may have been because of lack of screens or slowness of the system or number of users that you get on at the one time. The system certainly had problems, what was not aware, and I still can't remember anybody telling me, was the actual code, the computer code, the programming code that was written, that there were errors in the code that calculated pays or did something with the pay. You want to calculate the right pay but there are not the bank codes to deposit. You might have calculated the right pay but there was no roster, so the calculation - it wouldn't have (indistinct) no roster, but those sort of things - there was no indication that the code was wrong. I think that is why ministers, I know my minister in particular, he was interviewed on the radio and television, he was saying, "There's nothing wrong with the system." That's a very general statement, but I think what he was referring to was that nobody could say, "Look, see this module of code that IBM represented, it's wrong, it's not doing what it's supposed to do," and that was the difficulty, I think, at that time.

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You were examined earlier on today by Mr Flanagan about you having regular meetings with Mr Doak, and he asked you some questions about the executive steering committee which had been established with various representatives. Do you remember those questions?---Vaguely. Help me.

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Did you consider that you meeting with Mr Doak, or your interactions with Mr Doak, were treading on the toes of what the steering committee was trying to do?---No, I think

we went through this yesterday. In all major projects there would have been project steering committees, project boards no matter what the projects were and I would meet with senior people, either other director-generals, sometimes ministers, sometimes federal government people, senior people private sector, corporate people about issues. That was not uncommon, but I certainly did not go down - I never attended one of the QHIC meetings or whatever they were called, never, and nor would I, that would not be my role.

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I think the question is whether by meeting with Mr Doak you were treading on territory that should have been in the province of the steering committee?---No. As I said, that was my role to escalate up and manage - I think the terms is "the big picture", the requirements of government, rather the details of individual committees.

You've given evidence pretty extensively on more than one occasion, I think, about the idea that scope should have been locked down and the efforts about that, and you've spoken about change request 60, 61 and 184. Okay?---Yes.

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My question is this: in retrospect, now, with all that you know, do you think there's anything more that you could have done to attempt to lock scope down better?---I guess the only thing that I could have done is to have phoned Mick Reid and said, "Mick" - no, the answer is no because I talked to Mick Reid about locking it down and I can recall saying on occasions that - they were in discussions with the federal government and he knew that there were going to be further changes coming that were out of his control, and that's just life in his role.

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A similar theme, Mr Flanagan asked you this broad question: given, as Mr Doyle said, the premise contained in this was a failed project, but he asked you about there having been price increases, scope changes and delays in this project. His proposition was that you should have been more directly involved. What I'm going to ask you is: can you think of any examples of ways in which you could have been more directly involved that would have been productive?---I can't think of any way I could have been more productive during the period that I had the system under my control. In hindsight, and I know we don't like - I mean, it's easy to look back, but I probably should have been more forceful in discussions within government about taking on the shared services - implementing a shared services system across government.

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You're going back in time now?---This is back in 2003, 2004, because there's that. And I guess the other thing, I was the chief information officer for the Queensland government and I - subsequent to this the premier appointed me to that role again. A big problem that I had always

known about was the concern - is the situation that systems usually are allowed to run beyond their usable date, and LATTICE should have been replaced years ago. It's the usual thing that people look at new projects, new things that are coming rather than maintaining or replacing the old and that's just the way life is. The fact that the government, all of us, let LATTICE get to that position where we are behind the eight ball, so to speak, from the start of this thing, that is a concern, and that is a concern I bet today with some major applications throughout government and other major companies. 1 10

Were you aware in that context that the government seems to have had perhaps about 18 months warning of the ceasing of support for LATTICE?---Well, yes, but I think the original schedule was LATTICE was due to go up in - to be replaced in 2006, but because of other delays the Treasury had in rolling out other finance systems and other applications, it got pushed back. By having it pushed back, it put it into the red zone and that's what caused, I believe, a lot of the - 18 months notice to replace a payroll of the complexity of the Health department is just far, far too short. 20

Bear with me one moment. Yes, I have nothing further, thank you.

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: May Mr Grierson be stood down, he'll be called again in the week commencing 27 May. 30

COMMISSIONER: Yes, Mr Grierson, thank you for your assistance?---Thank you, Commissioner.

We will see you again in a few weeks. I know you can hardly wait?---You're not doing the racing inquiry, I hope.

So do I. 40

WITNESS WITHDREW

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COMMISSIONER: Yes, Mr Horton?

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MR HORTON: I call Jane Lesleigh Stewart.

**STEWART, JANE LESLEIGH** sworn:

MR HORTON: You are Jane Leslie Stewart. Is that correct?  
---Yes, I am.

And I should say for the benefit of your transcriber, your middle name is spelt L-e-s-l-e-i-g-h?---Correct.

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And your last name, S-t-e-w-a-r-t?---Correct.

Now, you've prepared your statement of some 135 paragraphs signed by you on 19 May 2013. Is that correct?---That's correct.

I tender that statement.

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COMMISSIONER: Yes. Ms Stewart's statement is 118.

ADMITTED AND MARKED: "EXHIBIT 118"

MR HORTON: Do you have a copy there with you, Ms Stewart, of your statement?---Yes, I do.

Good. Now, Ms Stewart, you're presently the senior director workforce management solutions and operations payroll portfolio in Queensland Health?---Yes, I am.

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And the team that you lead is responsible, these days anyway, for the Queensland Health payroll. Is that correct?---That's correct.

And before you had this particular position titled in Queensland Health, I understand you had a very similar role by virtue of (indistinct) government changes that moved departments. Is that right?---Correct.

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And what was the role called before the (indistinct) of government change?---It was the executive director Queensland Health Services within Queensland Shared Services.

And in the period immediately post go live of the Queensland Health payroll system, what was your position title then, was it the same?---At the time, it was the director of human - sorry, a blank, it was the director of the QH HR team for Queensland Shared Services, so the Queensland Health human resource solution team.

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Yes. And in that role, what was your responsibility?---I had direct responsibility for the Queensland Health payroll and rostering solution from an application support

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perspective and I liaised closely with other directors within Queensland Shared Services who had other more whole of government roles in terms of supporting that solution.

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Yes. Now, the commission has heard evidence from Ms Janette Jones. Was that someone you worked with in that capacity?---Correct. Janette was my counterpart in Queensland Health.

Yes. And what was the relationship then between your role and hers?---We worked quite closely together. Janette was my - what I would consider my client, my customer within Queensland Health, so I worked very closely with Janette on a daily basis in terms of what was required for the payroll system.

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Was yours a more technical role than hers?---Yes.

And what is your technical background, then?---I - primarily my background is around supporting LATTICE and ESP within Queensland Health, so started within the LATTICE project itself, was involved in numerous implementations of LATTICE and went on to establish the support team for the support of both LATTICE and eventually ESP, so extensive experience around supporting those solutions for Queensland Health and understanding Queensland Health's business requirements in relation to a payroll system and rostering system.

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Thank you. And before go live, I think you were a member, along with Janette Jones, of the project directorate. Is that correct?---That's correct.

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My questioning, Ms Stewart, will just focus on, for the present anyway, the immediate post go live period?---Mm'hm.

But I understand you may need to refer to events which pre-date that - - -?---Sure.

- - - in order to understand that. Can I take you to page 7 of your statement, commencing at paragraph 47, and you're speaking here about the first three pay periods? ---Yep.

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Can I just ask you a few questions about these three pays and the things you say here and then turn to the detail behind that where you, I think, gave us more detail about some of the issues you experienced?---Yep.

Now, you say in relation to the first pay at paragraph 48, you used the expression that users were unlocked at 7.57 am. What's the notion of unlocking entail?---The pay run process itself has a number of steps in terms - or what we call the final pay run process. That's when the transactional input from Queensland Health has ceased,

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there would be a central payroll team within  
Janette Jones's area as well as my support team and payroll  
bureau team, and we would actually go through final steps  
in terms of completing the pay run. The pay run has to get  
to a certain point to complete the payroll calculation  
process and reconcile the files to go to the bank and make  
sure that everything is comfortable from that perspective  
and we roll the payroll into the next period before the  
users are able to get back into the system, so the concept  
of unlock is that the users can now get back in and start  
processing for the next pay period.

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I understand. And so the lockdown, if you like, is to  
enable the system to process and - - -?---In the - - -

- - - to complete that?---Yes.

Now, you say the first pay was considered successful but  
you've pointed out, I think, that it didn't involve being  
the first pay any retrospective processing?---Correct.  
There was only five days of actual data entry into the  
payroll, so it was quite a small payroll from a volume  
perspective in terms of how many transactions the payroll  
system would have to process, so it wasn't going back and  
calculating for prior periods, it was just in relation to  
those filed.

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Yes. And then in those subparagraphs in para 50, you set  
out what I think you'd say are the three - well, you said  
three key issues, but three main issues - - -?---Yeah.

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- - - experienced with the system, the first being -  
we'll come to the detail of this - the multiview scheduler?  
---Mm'hm.

"Experiencing some latency and performance issues." What  
do you mean by "latency"?---Probably delays within the  
screen. So a user may be in a screen and when they hit a  
particular button or try to do something, there would be a  
delay before they could see that take effect.

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Come back to that. And then in (b) the middle of the  
paragraph you say, "The Workbrain input process took much  
longer than planned"?---Yes, that's right.

And what planning are you referring to there?---In terms of  
lead up to go live, IBM undertook a series of tests in  
relation to payroll performance, so each of the jobs that  
needed to be processed to complete the pay run, including  
the input would need to be tested in terms of what we were  
expecting from a timing perspective, so this particular  
input process took longer than what was identified in that  
test.

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Yes. And is that just a matter of having underestimated it or there being other events which have occurred to make it longer?---I think it's probably a combination of things. One was there was probably a lot more processing in a day than was anticipated in that input process, so it would pick up all of the processing that the payroll users would do around things like master data changes, moving people's positions, all those sorts of things that would feed the requirements in rostering, so there was probably unexpected high volumes of processing as well probably a little later on when we understood a little bit better about how that test was performed, when you replicate or try to replicate data or transactional processing in a performance test, it's not always reflective of what happens in reality, so the way that test was performed was probably - it was loading up volumes but it wasn't loading it in a way that would require recalculations or rework within that process.

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Yes. And then in subparagraph (c) you say the system, Workbrain, crashed for a short period of time but that the effect was felt for an hour or so. Is that right? ---Correct. And just in terms of the Workbrain input, there were other things that transpired, I suppose, over coming weeks in terms of understanding some of the issues with that.

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I'll return to those because - - -?---Yep.

- - - we're going to go through the next two pay periods and then to - - -?---Sure.

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- - - the period after those three pays?---Mm'hm.

Do you know why, just returning to subparagraph (c) for a moment - do you know why Workbrain crashed? Were you able to determine a cause?---I can't recall specifically on why it crashed at that time. I would have - my recollection would have been it would have been a build up of some of the performance issues that started to transpire over the coming weeks, so it would have been, you know, in relation to - there was a lot of contention on the database and a lot of things in the back end not working well that would have resulted in it.

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At paragraph 51 you refer to the second pay period?---Yes. 1

So this is the first pay period that involves retrospective processing. Is that correct?---Correct.

And then you say, "The performance issue with the multi-view scheduler was getting worse"?---Yes.

What do you mean by worse?---From memory and some of the reference of the briefing notes that we wrote, it appeared to be having a greater impact across more hubs, so it was consistently seen at each payroll hub, but it was starting to now pick up in terms of how many hubs were experiencing the performance issues and the frequency of that. 10

By performance issues, do you mean errors, slowness or both?---Performance meaning slowness, primarily.

Then you say, "The general performance of Workbrain, the speed, tendency to lock out users," et cetera, "was deteriorating," and that's part of the problem. Is multi-view scheduler one part of that general problem? ---Yes. 20

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

Then you say you had formed the view, in effect, it required urgent specialist attention. What caused you to reach that threshold?---I think by this point there would have been concerns being raised obviously from Queensland Health in terms of the users being able to use the system productively. It would have been impacting their workloads, et cetera, so we at the time wouldn't have felt that IBM was being able to work through the issues in terms of getting resolution quick enough and there was the need to escalate for them to take further action and potentially call in experts. 30

You say here there didn't appear to be that specialist attention available among the team that was present on the ground?---Correct. 40

Who exactly was on the ground at this stage; you are, presumably?---We are. Workbrain is not a solution that CorpTech historically had experience in. We were certainly relying on IBM's team and we were building up knowledge in that space, but IBM had a blended - what we call a blended team, which was a combination of IBM resources, whether they be other contractors or Infor resources as well as CorpTech provided resources that had been working in that team during the course of the project. So the team that was on the ground did not appear to have - or weren't able to resolve the issue. 50

Were there any Infor people there? By that, I mean, people contracted to Infor or who'd come from Infor?---My recollection is that IBM did have some Infor resources engaged within their team. **1**

Yes. How many, do you remember? By "resources" you mean people. Is that correct?---It might have been half a dozen. I can't recall exactly.

How many in total comprised the people in the ground?---In the Workbrain team or - - - **10**

Yes. So when you say, "Didn't appear to be available on the team that was present on the ground," how big is the team?---Oh, look, I would be guessing, but I'm probably thinking for the Workbrain team, maybe a dozen or so resources.

Yes?---I can't quite be sure. **20**

And the wider team because you're not a Workbrain specialist, are you?---No.

The wider team of which you're the head?---How many did I have at the time?

Yes. Yes?---Probably about 40 or so. I can't recall. I haven't looked back on - - -

So is it a fair estimation to say there are about 50 people who comprise the team on the ground as the CorpTech, IBM - - -?---Sorry. I'll need to qualify that. **30**

Sorry?---40, probably, in total within my team, in addition to IBM's team.

Yes?---IBM would have had other teams other than the Workbrain team.

Yes?---So in the Workbrain space, there might have been about 20 in total between both teams, but that's a guess. **40**

Yes. Then you go on to say at 52 that there was some overnight batch processing that were getting slower?---Yes.

Then you say at 53, "During the second pay, integration issues started to surface"?---Correct.

And then you give an explanation for that, "Arose only now because it was the first time retrospective processing is occurring"?---Correct. **50**

So, what, without retrospective processing there's no need for integration?---No, but the issues that were being identified were exacerbated - would have been exacerbated

by retrospective processing because it is when the records start to be changed that it starts to become an issue. 1

COMMISSIONER: Ms Stewart, my understanding of these things is very basic, can you explain to me what you mean here by integration issues? What did you observe?---At this point, I believe we had a couple of issues. So we were identifying that the - so one system would send data to the other system.

You're talking about Workbrain and SAP?---I am, yes. Did you want more detail? 10

Go on, yes?---Yes. So there would have been - the interface programs themselves would have been programmed to produce errors in certain circumstances. The volume of the errors was starting to grow, probably greater than anticipated. If you don't address those errors before the next integration load happens, you start to get what we would refer to as synchronisation issues between the two systems. So they would load out of order and if they load out of order then you may have a problem because you might be adding something, deleting it and adding it. If you don't complete it in that order and you go, "Add, add, delete," you'll get a different result. So we started to have concerns about getting through the errands in terms of the interface and then we had some other specific issues that I do talk about a little later. 20

Thank you. 30

MR HORTON: Then you say the third pay run, 55 - I think you say the second pay run there in 54, but I think we're now talking about the third pay run?---Yes.

Is that correct?---Yes, that's correct.

So at 55, "Error correction processing for the SSP was taking much longer." What's error correction processing? ---So within the pay run process, there are a range of what we called exception reports or error reports that would be produced for the Queensland Health SSP to action. So they would identify varying issues with, you know, what had been entered in the system and they needed to be addressed, so also with that come the workarounds, any reports to address for workarounds, so the error management in terms of addressing the errors coming out of the pay run was quite large and SSP were requiring a little bit longer to go through that error correction process than probably was anticipated. 40 50

And does this emerge from the issues which have been identified as part of each pay run? Is it a genesis of the - - -?---Not necessarily. I think just in terms of going through the sheer volume of processing in terms of

there was a lot of - which we talk about a little later - late forms that were needing to be - there was a lot of processing going on and with that and being new users as well, they perhaps may not have entered the data always in the best fashion, so there would have been errors that would have come out to be addressed.

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And who has in these cases notified the error? Where has it come from?---It comes out of reports that are produced in the procedures of the pay run.

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Yes?---So when you get to a certain point, a pay run highlight report or error report would be produced by the process that we ran and it would be generated to the payroll hubs and sometimes the central team to actually action it.

How does the system know what's an error and what's not? ---It would have been programmed within the solution.

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Yes. So the errors which were to be corrected, were they all coming from the erroneous entry of roster or from lack of knowledge on the part of the data entry officer?---It could be a whole raft of issues. There could have been data that was able to be entered that perhaps should have had some form of control for it not to be entered, but it would come out on an error report. It may be that, you know, particular fields were missing information. It may be that - if you were to proceed with the pay run it will not - you need to address this particular issue. So it was highlighting concerns with primarily data, but also pay results themselves to say something needs some attention here.

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Yes. In every case are those errors then attributable to human error?---No, not human error. It may just simply be that - I'm trying to think of an example. I've gone blank. The data in the system, it may not have been human error putting it in. It may well have been that the data was put in the system, but the content of that data or what that transaction was, was going to cause a problem with the pay run.

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Yes?---As you had more retrospective processing, you may find more of those issues. Concurrent employees is another one where potentially that could create some error messages.

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And why was that? Why in particular concurrent employees?  
---Concurrent employment is complex and there was probably more challenges around how data was captured in the system around concurrent employees.

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At 56, you say a new issue emerges in relation to the transfer of information from the multi view scheduler to the time sheet. Could you just explain in simple terms what that entails?---In Workbrain you would go through - it was pretty much three main modules to get the end result to send to SAP, the roster would be plotted in something called the "Roster Load Form", it would be moved into the MVF, the multi view scheduler, where the roster would be maintained. So if there was a change to the roster either before it was worked or after it was worked, the payroll users would enter those changes into the MVF and the MVF published the roster into the time sheet. Before the fortnight commenced, when the roster was moved into the MVF from the roster load form it would then be published into the time sheet. The time sheet information is what's transferred to SAP for payment.

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What was the issue then, that it wasn't transferring properly?---In some instances, the main concern was that the error message appearing was not always correct, so it may say that it published successfully when it didn't, or it said it wasn't successful when it was so the payroll users were left unsure about whether they were successful or not. Often it was successful, but because it said it wasn't they would therefore feel the need to submit again, and again, and again, which added load to the system.

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I think you say they lost faith, in effect, in the error message?---Correct.

58, you talk about the third pay run, so I think I misled you earlier. I think when I said you were at the third pay run you were indeed still at the second pay run?---I think we were in the third pay period but we were leading to the final pay run of that third period.

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I understand. So, 58, we're now in the third pay run. Do you normally work shift work for this?---Well, work late nights, yes.

Do you do that now, or was this just something restricted to the go live?---Not since the system has been stable.

When was that since?---Probably the last 12 months it's most certainly been very different to the first two years.

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We'll come back to that. You say in 58, fourth line, "A critical issue was experienced in the final stages of the pay"?---Yes.

By "critical", you mean serious, I presume?---Yes.

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"Had prevented CorpTech, initially at least, from completing the pay run"?---Yes. 1

What was the issue?---There was an error coming up in the pay run, I'm just trying to remember the exact detail. There was error coming up that would suggest that there was data missing from what would be considered a mandatory requirement. We couldn't work out how that could possibly have occurred, how you could create such a record without that mandatory information being loaded. It was preventing us from moving forward with the pay run, it was critical information to do with an employee's pay that SAP required that information filled in. It wasn't a case of just going in and filling it in, it was locked into the back end of the system where we couldn't access it and we weren't able to move on with the pay run. 10

Is this one of those fields, for example, when we're on the whim? It's got a red asterisks that tells us its users must enter that before moving to the next screen? ---Correct. 20

What seems to have occurred in this case, then, is the data entry person has been able to enter, complete the screen and move on despite that field not being completed, is that what occurred?---Yes, something like that. I can't remember the exact detail, but I definitely recall it being mandatory information that was missing, we could not work out how it could possibly have happened. 30

Did you ascertain whether it was indeed mandatory? So the system made it mandatory but was it something the system needed to know?---Yes, it was, it's part of - core SAP would normally require that information.

Were you able to determine the cause, then, of the difficulty, the issue?---We were able to troubleshoot the issue, and I can't recall the detail about what we did but we were able to find a solution to move on. I don't recall us identifying how it happened. 40

Do you know why that it only emerged in the third pay run? ---No.

At 59, you say, "The first three pay runs were chaotic," daily briefings and so forth?---Yep.

You were working closely with Janette Jones, intense and exhausting. Now, it's about this stage, and the commission's heard some evidence about this, there's an email sent to some certain Queensland Health staff urging if them if they have been not paid or underpaid they might consider seeking charity and so forth, which the commission's been told inflamed the situation and gave rise to ultimately a loss of organisational control. Do you 50

have any knowledge of the effect that did or didn't have on the work you were undertaking at the time?---I had knowledge from the perspective that there was certainly a change in terms of how issues were prioritised or how information was coming to hand. I obviously had knowledge from discussions with Health on a daily basis about where the concerns were, but it certainly appeared that there was a different focus in terms of what was critical to address.

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Where was that change in focus coming from?---Everything that we looked at prioritising or addressing was largely driven by Queensland Health, and I believe that they had various forums in place and people in place to drive some of those priorities.

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Was Queensland Health urging on you the change in priority of focus because of those publicity concerns?---I think at - I don't believe - I can't say that it was specifically because of that particular media release, but there was certainly not a normal situation going on. As you would expect, there was a lot of this frenetic activity that was happening that I could see visibly in Health in terms of information I was receiving and how we were engaging rather than just being focused on, you know, system defects and what do we need to do next to address the defect. There was a much broader view about how do we get people paid regardless of what caused the issue.

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Yes, I understand. The purpose of my questions at the moment is to try to separate as much as reasonably possible, I know it might not be scientifically achievable exactly, those system issues from the media and other procedural process issues which might have been going at the same time. Are you able to, as best you can, give the commission an impression then once the publicity you were starting outside the extent to which that affected the work you were then doing in connection with some of the issues you've been discussing this afternoon in your evidence? ---My recollection is that the major payment issues being raised, in terms of no pays and people not receiving pays, were largely found to be related to either the, you know, the late forms, the roster no pay, a lot of those business issues and also the performance issues that were contributing to not getting through work. There were other system issues no doubt which we were working feverishly to prevent impacting people's pay, but there were no doubt that there was system issues but they were caught up in the midst of something much bigger happening. Sorry, I don't know if I've answered the question.

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You've started and I'll ask you some more questions. The performance issues are really the ones that I'm interested in for present purposes?---Yes.

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What would you classify those as in terms of those which contributed to, and I understand there are wider considerations, pays being incorrect or no pays, but one of them is, what, the slowness in the system?---Yes. The performance issues would have - the payroll people would have had a backlog of processing from cut over, they had an enormous influx of late form, they had huge amount of payroll inquiry because people didn't understand what they're getting paid, so they had all of this workload to get through. To put on top of that, they had a system that was not working quick enough for them, so they were trying to get through all of this work but because of the performance issues, and some of the publishing challenges, that would have impacted their productivity. It's hard to quantify how much of that caused payment issue, but it no doubt would have impacted how much work the payroll users would have been able to process.

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COMMISSIONER: And was the system slower than expected because of the integration problems you mentioned earlier?  
---No. The performance issues in Workbrain were not integration related. There was a whole raft of changes that happened to the system to improve its performance. There wasn't one particular issue, Mr Commissioner, it was quite a complex situation.

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With the system?---With the performance issues in Workbrain.

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MR HORTON: Now, can I ask about those, because is this right: one way of testing, if you like, the extent to which the problems are - computer system problems as distinct from wider processes and distractions is to ask what you had to do as things became calmer, if you like - - -?---Yes.

- - - and as some of the procedures were sorted out, what you had to do to make the system better or to correct it. We'll get to that?---Yep.

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Is that one way of trying to understand, then, what part of this wider problem was computer system focused?---Yes, that's one way to do that.

So as best you can, what had to be done to the system itself that you were involved in to correct some of these performance issues you've been speaking about?  
---Specifically the performance issues?

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Yes. Well, those ones which concern the way in which the computer system - I'm using that old terminology for a reason - just the IT system itself as distinct - - -?---Yep

- - - from wider process about rostering and fax machines, and complaints?---So at this point, remember, I didn't have responsibility for fixing those issues; it was still with IBM.

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Yes?---IBM brought on a problem manager to look at that. As I said, it was a complex environment. Some of the issues that were found and subsequently addressed were there was - one particular issue was there was a custom pay rule within the application that was causing what was referred to as "leakages" in the JVMs, the java virtual machine, the one component of the solution that was holding on to connection, so it was chewing up or stopping things from moving through quite quickly. That was to do with particular custom code that had been developed in Workbrain. There were other - so every layer of the Workbrain environment ended up having some type of change applied to it to improve performance, so it was a - because there wasn't one thing that somebody could put their finger on, there was a raft of different issues uncovered and addressed, so there was custom code, there was core code

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within Infor's product, there was changes at the infrastructure layer, there was changes at the application server layer, there were registry settings that configuration components tweaked or changed, memory allocation. So a whole raft of different things that were contributing. There was probably a view that these particular custom pay code as well as the issues with NVS were bigger contributions to the issue.

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When you speak about code, do we understand that to be, in effect, the language programmers use when they type in commands to the computer?---Yes.

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And so the custom code is the code that comes with the Workbrain product?---No.

Sorry, the core code?---Core code is out of - what we call out of the box from the Workbrain product from the product owner, Infor, and then custom extensions or custom code is what you would do to adjust that code to suit your specific requirement.

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Now, have you had occasion to be, any time since the go live, to be in charge or do yourself, have a look at the code that comprised this custom code which you say was a difficulty?---That specific component?

Any specific component of custom code that you say wasn't good?---Over time or at that time, sorry?

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Any time - - -?---Any time, so - - -

- - - since go live?---I would not - I'm not a programmer, so I wouldn't look at the code personally but certainly my team over time working directly with Infor has identified a range of custom code components that have needed to be addressed.

Yes, and when you say "need to be addressed", what do you mean? Do you mean - - -?---Either producing the wrong outcome or poor in terms of efficiency.

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Yes?---So I needed to be tuned to run better because over time a lot of data builds up in the system so you need these programs to work more efficient the longer you have the system.

So in some cases the code was written badly. Is that what you're saying?---Correct.

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Now, you said that after - in the later period in which you've been involved with this, you had working for you some of the very same people who wrote the code in the first place. Is that correct?---Correct.

The customer code?---Correct. Probably less in the Workbrain space than I do in the SAP space. 1

Yes. But you're saying that those people for you, or under your supervision now, have written quite good code?---Yes.

But that you think there may have been a time pressure which led to the code not being as good as it could have been?---Yes. I mean, when I look at the improvements that we've made and with the same - very same resources that were in the team at the time, I know that they are good programmers and can produce quality outcomes, but they were the - some of the same people that were in the team at the time, so my assumption or my conclusion I drew that they would not probably have the time that they needed to make sure that they had a well tuned program as opposed to just a program that just did the job. 10

What part of the changes, though, which you overseen are ones which are improvement to the system in terms of icing on the cake as distinct from collecting what you would see to be more fundamental or critical problems in the system? ---If we're just talking about programming, I mean, in particular the pay run process itself and there's a whole range of different jobs that make up the end to when pay run process. Over time, we have reworked a lot of those programs. Some of them were - we would not be able to produce the pay run today because of we're now three years into the system, with the way some of those programs were written in the first place. We just wouldn't have enough time to complete the pay run. 20 30

Yes. Now, you say here that the fixes, I think, that you've effected in your time have been - there's been a very large number of them, but paragraph 121, over a two-and-a-half-year period you say there's 422 defect fixes?---Yes.

Some enhancements and some maintenance. So you've been careful, I think, in your language there; "maintenance enhancement of defect fixes"?---Yes. 40

Are defect fixes things which formed in the category of fundamental and critical things which were required in order to have a basically functioning payroll system or are they something in addition?---They are. The defects in our view would be something that's not functioning as you would expect it to function and enhancement would be what you would refer to a new or enhanced requirement. I do have to qualify the fact that obviously over time you can change something and introduce a new defect, so there's not - I'm not necessarily saying that those 422 defect fixes were specifically because of the solution at go live. 50

Yes?---But a large proportion would have been.

Yes. Are you able to say what proportion?---I would only guess. 1

Now, in terms then of the defect fixes, what proportion of those are correcting core or custom code, do you know?---We - I wouldn't be able to say. I would think there would be a large majority in the custom aspect. We have done far more fixes within the team than we would have received from either SAP or Infor. 10

Yes. The Workbrain solution which IBM was rolling out was implemented was one which necessitated there being extensions to Workbrain. Is that correct?---Yes.

And an extension is, what, a customisation - is that right - of the out-of-the-box product to achieve a specific result?---Yes. So it might be written in java code or SQL, or, yeah, to extend what was already delivered in the core. 20

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Yes, and do you know how many extensions there were in this case of Workbrain?---No, I can't recall off the top of my head. 1

It's those extensions then that we look to, is it, for the custom code problems or otherwise?---That or configuration.

Yes?---So you've got code and you've got configuration and - - - 10

Yes. And what's the difference?---Configuration does not require you to be a programmer. So configuration is something more undertaken by a functional person as opposed to a technical programmer and there would be different tables and fields within the solution where you could enter particular values or configuration elements to get a certain outcome.

Does it make sense to you if I were to suggest that there were 1100 extensions to Workbrain?---That wouldn't surprise me. 20

Can I just go back briefly please to some of the specific system issues you speak about. You take them up, I think, from paragraph 63 with some issues?---Yes.

You say in 64 you've had regard to three updates which were given, I think, for each pay run - is that right - and they're after go live?---Yes, and it's a long time ago so I - there's those two. 30

Yes. These are ones though, I take it, which were issues which existed beyond the first three pay runs, is that correct, as well?---I think there's a combination of addressing in more detail some of the things seen in the first three pays and going into beyond the first three pays.

Yes. So paragraph 67 is Workbrain performance issues? ---Yes. 40

You say, "The most significant system issue post go live is Workbrain." By "system issue" do you mean computer system or are you thinking about something wider?---Computer system. In other words not data or backlog of forms or - not business issues, but system related.

Yes, yes. You say, "Slowness in the multi-view scheduler," which I think you've already spoken about, being unexpectedly locked out of Workbrain. Do you know what was causing that result?---Unexpected locked out. So, again, this would have come back to a range of issues that were causing contention in the back end of the database that would have led to a user being locked out or booted out. I couldn't tell you exactly which issues were causing that, 50



but the experience by the payroll user would be they would be in Workbrain and suddenly they would not be in Workbrain or be locked out.

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Yes, yes. We're told in one of the updates - you can probably recall it, I can take you to it if you need to - update number 3 that IBM engaged Infor from Canada and specialist IBM resources to analyse problems with Workbrain and the multi-view scheduler performance. Do you recall that happening?---Yes.

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What was the nature, do you know, of Infor's involvement? Did you have direct contact with Infor?---I had some. I was focusing probably on managing other issues and leaving that to IBM, but I was keeping a close watch. Infor had the technical, architecture and expertise that was not present on the ground so there was a need to call on Infor to provide those experts that had probably an understanding of the entire solution stack rather than just different components. The resources on the ground were either experienced in the application or they were experienced in the code or they were experienced in another area, whereas the Infor experts had a more broader solution and architecture view, I suppose, in terms of understanding every layer of the Workbrain environment.

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On Saturday, 3 April, there's a record in the update that an emergency Workbrain database change was implemented. Were you involved in that?---There would have been a range of changes to the system and I would have been one of the approvers as part of the Change Advisory Board.

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Yes. Were the Infor people at this stage working remotely? Was that your understanding?---There was a combination of resources on the ground and remotely. I can't recall at which point in time there was one or the other. If they went back, they usually kept in touch remotely.

Yes. But to your knowledge, did Infor employees travel to Brisbane to assist?---Yes, they did; they did.

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How many and for how long?---There was at least two, from memory, and I would be guessing around about one to two weeks. They may have went back and come back. I can't recall the exact details.

And they were engaged by IBM?---Yes.

You, I think, presently say you have an arrangement direct with Infor. Is that correct?---Yes, I do.

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How long have you had that direct arrangement?---Since 1 November 2010.

Can I take you to paragraph 72 please. You refer to - and you just mentioned it - the Change Advisory Board - - -? ---Yes. 1

- - - and there being request for change forms?---Yes.

Just explain, would you, how request for change forms arose in the post go live period?---So as part of CorpTech's change control procedures, there would be a requirement to have a request for change form completed if you wished to make a change to the system, RFC is what we called it, an RFC form would go to a Change Advisory Board that would approve the change before it was implemented into the system. We usually requested that IBM complete - so one component of that RFC form is an impact assessment section. We usually requested IBM to complete the impact assessment component and the CorpTech team would put some of the details around the other aspects of the form. That would be submitted to the camp and it would go through an approval process. At this time those approvals were often happening via email as well because there were so many of them. 10 20

What was the basis for assessing whether the change should be made? Was it that the system should be functional? Was there a reference back to scope or contractual obligation or was it - - -?---No. It wasn't about scope. If you were raising an RFC, you'd already decided whether or not it was a defect or a change request, et cetera. There were other change requests to do with contract, but this was about system change. 30

Yes?---So it was about understanding the problem, understanding the solution, understanding the risks of not proceeding with the change versus the risk of proceeding with the change. That's what the board members would have considered in terms of approving that change.

So in the stage immediately post go live - and by that I mean the first few months - - -?---Yes. 40

- - - are the changes that are being proposed enhancements or are the changes that are being proposed fixers?---All of the above. There was both.

Yes?---There was probably less enhancements happening because we were still in a situation where IBM was under warranty. There was an obligation to address what was left over in the defect management plan and where new requests were coming up, my team was restricted, I suppose, in terms of being able to address those without impacting on warranty. Alternatively, IBM would have sought a change request to apply or would complete such a change. 50

You mentioned the defect management plan. You were, I think, involved in your role on the project directorate - - -?---Yes. 1

- - - in endorsing it or giving it approval?---Yes.

It seems, though, from what you're saying that there were issues which you faced after go live which weren't things which the defect management plan had dealt with?---Correct. 10

Were there many things the defect management plan hadn't dealt with or few?---It depends what time frame you're talking about. Obviously, over time there was a large number of issues that were surfacing that were not visible at the time of go live.

I'll take you back for a minute to try to understand it. The defect management plan proposed in some senses of workaround and in some senses, in effect, put off because of the retrospectivity issue, some things which were to be done in the immediate period after it?---Yes. 20

Did they prove, from your knowledge, practicable things? ---I believe what was on the defect management plan was reasonable and in hand. It was probably other issues surfacing on top of the defect management plan that started to complicate the situation.

What sorts of things? Are they the sorts of things that you've been discussing in evidence?---Yes. So integration issues was probably one that started to surface. We had some concerns in this area before go live, but there wasn't anything concrete for us to put our finger on. There wasn't anything largely evident in the testing, but we did have - the CorpTech team I'm talking about - some concerns that, based on their experience and knowledge, this may start to surface at some point and that's what we saw. So that issue itself became a heavy workload for CorpTech to manage. So we identified the issue quite quickly. If we had not identified and if we had not addressed it, it would have had quite an impact on pay, but my understanding is that we managed the situation quickly to prevent it from having any major impact on pay. 30 40

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COMMISSIONER: And what was the integration problem? I'm sorry to ask again, I do want to understand---What started to surface as new defects, the Workbrain time and attendance data was not arriving in SAP as it should and there were a range of reasons for that. One of them was to do with the sequencing that I talked to before, so if the errors weren't addressed quickly enough it would load in the wrong fashion and therefore the wrong pay outcome would be in SAP, if it was not addressed. Alternatively, other issues were where in Workbrain itself the data that was compiling in the file to go to SAP was wrong in the first place, so it wasn't sending the right data even to error. So either of those scenarios would result in incorrect payments in SAP unless we identified it, so we had very quickly identified a process where we could reconcile or look at the time sheet data in Workbrain, look at SAP was going to pay before it actually paid it. Identified where there were differences and then we corrected the data by loading it up in a back end file process.

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Was the first of the problems you identified the wrong sequencing?---Yes.

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Was that a human error in the order of processing - - -?  
---No.

- - - or was that a computer error?---No, it was a computer error.

When you say you looked at these things to correct them, are you saying that some pay clerk had to look at the entry for every employee?---No, we were doing this in the central CorpTech support team, so we used our own resources - I should correct myself. Work with the IBM team to work through a process where we could identify, so each time an interim pay run would run, so you had many practice pay runs before you got to the final one, we did that about four times a fortnight. Each time we ran through a practice pay run we would run a process that compared the data, identified the issues, corrected the issue and went on and did that over and over again. It came to a point where we had about two resources or two FTE in the CorpTech team working full-time on managing the integration of Workbrain.

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Thank you.

MR HORTON: Can I take you to paragraph 86 of your statement where you deal, I think, in more detail of the integration issues?---Yes.

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You say there were two integration issues but I think you identify there here, but we'll go through them?---Yep.

The first in paragraph 86 was the error messages you've described?---Yes.

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You say, "They were becoming increasingly large"?--Yes.

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In volume?--In volume.

How was that corrected ultimately? It was corrected, I take it?--We needed to very carefully manage when the next file would be loaded, so rather than it just automatically happening from recollection I believe we closely managed making sure errors were cleared before we moved onto the next file. So there was a lot of hand holding, I suppose.

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The second issue, you say, "The data stamp on the file was sent by the off cycle process, as described above." Can you explain what the second issue was in simpler terms for us?--Yes. There was a requirement to be able to send data from Workbrain to SAP on a more frequent basis than just for the end pay run process. So if you required to pay an employee an ad hoc payment, which would normally be for a termination pay or a pay in advance if someone was going on leave, you would use what's called the off cycle process. When the payroll user was entering that data they would be able to trigger the off cycle process, which on an hourly basis picked up the files in Workbrain that were relating to the off cycle and loaded them over to SAP. Because of how many ad hoc pays were being needed to be produced each day, I think at one point we were running four ad hoc payments to the bank. That process was being overloaded, I suppose, so it was being used as the norm rather than the exception. So there was so many of this going on and there was so much to the point where the file name needed to be unique for SAP to pick it up, and the file name configuration had it named to the second, which, at the time, would have probably been a reasonable assumption that no two users would create an off cycle at the very same second. But of course what happened was there was, they were getting created at exactly the same second which meant the files were no longer uniquely named, so they were sitting waiting for SAP to pick them up, as soon as SAP picked up the first file with that name it didn't look to pick up any more because it felt it had dealt with it. So there were off cycle files with people's ad hoc payments in them that were not being picked up and paid.

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Why did the need for that volume of ad hoc payments arise? --The requirement to pay people, because they said they didn't get paid correctly and they needed money, you needed to pay them not wait for the next final pay period, to be paid that day.

Is that something you would have expected from a not suboptimal system, an ordinary functioning pay system to do that number of ad hoc pays?--No, it was not considered a normal volume of ad hoc payments, correct. We would have used or been guided by the number of ad hoc payments in the LATTICE system, I would have assumed.

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Paragraph 89, I think you mention a third issue?---Yep. 1

"Identified, root cause analysis commenced and the file-naming issue described above." Is that the identical naming issue you've described?---Yes, so once these issues were - and it may have been to do with looking at both issues - but when the IBM team started to investigate these particular defects they uncovered a third issues, and that was where there was no error message it was just merely that the Workbrain file had the incorrect data in it in the first place. 10

Can I take you to the bottom of that same page, please, 99?  
---Yes.

"For the very first pay period there were issues with the overnight processing"?---Yes.

You say, "But over time other jobs were also running much slower"?---Yes. 20

"They are articulated in IBM's final test results for payroll performance verification testing"?---Yes.

How much slower?---Well, over time a lot slower. In the first few pays we probably had, from recollection, about three, maybe four jobs that were running - a couple of the jobs were running hours slower, so the leave balance export from memory I think was, I might be guessing here, but it was taking about five or six hours as opposed to what was expected to be two or three hours. There were other jobs that were running slower, and over time, again because of retrospectivity, they would continue to grow because they had to go back and reprocess over many, many pay periods. 30

You say, now, I think in terms of speed, paragraph 125, that you reduced the period in which the system might be unlocked to users. That means you complete the pay run more quickly, is that right?---Yes. 40

And you've reduced it from 40 hours to about half?---Yes.

Over what period is that in effect to date?---It's to date, it's not all relating to processing time, it is also to do with the pay date change that Queensland Health introduced and the opportunity to review the entire pay cycle model and how it was designed. 50

Yes. And what part of it - is it possible to separate out what part of it is system defect fixes - - -?---Yep. 1

- - - as distinct from enhancement and as distinct from business changes?---I'll probably talk more generally rather than the hours, but this was - my reference here is to do with the end pay run. In addition, each of the ad hoc pay runs - or, sorry, the interim pay runs that ran through the fortnight were also improved, so I would think we have carved hours and hours off those programs in addition to the growth over an extended period of time. So if we had done nothing today, those pay run processes would be running in an absolutely unacceptable length of time. 10

What's the point, if you have identified, after go live where you thought the system had stabilised, was the word you used earlier, to one using it?---Hard to pinpoint exactly because it's been three years and it's been a fairly rough time. Most definitely the last 12 months but I think probably after about 18 - no, it probably took - so from 1 November we took over support. It was probably 12 months after that where we had addressed a number of issues and put a number of improvements into the system, so 18 months to two years after go live probably. 20

At one stage, the name - I think there's an overarching project, was initially called the payroll stabilisation project. Is that right?---Yes.

Mr Mike Walsh, I think, was the head of that program - - -? ---Yes. 30

- - - at least to the deputy director-general level. Is that correct?---That's correct. That was the Queensland Health project.

Yes. Did you have dealings with Mr Walsh in that capacity? ---Not - on a very odd occasion, not directly.

And at one stage, I think, that project becomes the payroll improvement for reproducing improvement project?---Correct. 40

Is that a reliable guide to when the switch changed between stabilisation and improving the system?---I probably don't - because they were Queensland Health projects and I was coming from a different angle, I probably don't - I can't recall drawing an alignment between when those Queensland Health projects changed and formed as opposed to what we were doing. 50

Can I take you to paragraph 46 of your statement, please, on a slightly different topic. This would be moving to the period in which the supplemental agreement was entered into with - between IBM - - -?---Yes.

- - - and the state. And you say that CorpTech, in consultation with Queensland Health, put together a list of fixes it regarded as priority - - -?---Yes.

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- - - and they were, among other things, crystallised in the supplemental agreement?---Correct.

What were the things which you identified, when was it, what were the things you identified as being fixes which ought to be included in the deed?---I didn't refer to the detail and I wouldn't be able to remember off the top of my head. I only recall one particular component. So there was a - there was actually a changed requirement that Queensland Health requested around concurrent employment and RDO accrual. It was a very important issue to Queensland Health at the time. It was clearly a new requirement. We were unable to address that without having these complexities around warranty and, you know, who was doing what, so that was one particular priority. In addition, I would expect that there was probably a combination of new severity 2 issues that had surfaced as well as, perhaps, some of the legacy issues from the defect management plan, but I can't recall the detail. There was about 35-odd issues, I believe, on the supplementary agreement.

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Yes. In terms of what you had communicated as being what should be on that list, what state of satisfaction did you reach about what the system - how adequate the system would be if those defects were corrected?---This was at a point in time where we had been through an extremely difficult period. I had probably formed a view at this point that we would be in a - my personal view was that we would be in a better position if IBM exited and we were in control of managing the system. So at this point it was a case of saying what would be a reasonable list of priority issues for IBM to deliver to allow them to move on, for want of a better word. There was probably a view of capacity in terms of what could be delivered by the time frame that we were talking, so I would have worked closely with Queensland Health to come up with what was considered their top priorities. It would have been still at that time about what Queensland Health were looking for in terms of their priority issues.

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And when did you form that personal view you just mentioned about better than IBM exited? What was the point in time, can you recall, which you formed that view?---It was very close to after go live.

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And do you remember what informed that view?---I was of the opinion that we were constrained in terms of being able to do what needed to be done with the system because of warranty contract not being in control. I felt that if I had responsibility for delivering the system changes that were needed and it had single responsibility to do that



rather than having to debate and negotiate with the third party, we were going to be able to move forward much quicker to deliver to Queensland Health what they needed.

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Leaving some of the debates for a minute, did you think that you, at that stage, you and your CorpTech team had better capacity to complete the work that was required to be completed to make the system properly function?---I had some dependencies. I needed certain resources from the IBM team, which were contractors rather than being IBM employees. There was a list of particular contractors that I was seeking. In addition, I needed a direct engagement or relationship with Infor.

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Yes?---So I wasn't suggesting that CorpTech could do it on their own; what I was suggesting is that CorpTech needed to have the reins and have the responsibility rather than having a pseudo shared responsibility with IBM.

Now, did anyone ever ask you before the supplemental agreement was signed these very questions that I'm asking you in terms of the management of CorpTech or Queensland Health as part of the decision whether to settle?---I believe that I expressed my views quite openly within CorpTech that may have contributed to the supplementary agreement starting to form.

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To whom did you express those views?---I would - I can't recall exactly when and how, but I would assume I would have expressed those views to Philip Hood and Margaret Berenyi, possibly James Brown, so - and the contracts, the contracts team.

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COMMISSIONER: I'm not sure I understand this, Mr Horton, sorry. Was it your opinion that if you had access to the Infor people you've mentioned and the contractors you've mentioned, then your people, your team could have done a better job of fixing the payroll when you thought IBM would do - - -?---Absolutely.

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And was that - I still don't understand why that's the case. Is it because of the contract complications that if IBM remained in the picture with the contracts in place, you have to work through the warranty provisions to get IBM to do things which they mightn't do; whereas, if they weren't there, you could simply deal with things. Is that right?---Yes, Mr Commissioner. It was a combination of being constrained by the contract, but in addition I felt that we would have managed the resources and delivered the outcomes in a more efficient way than IBM was doing.

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I understand that. It's the other point I want to understand. In what way did the contract constrain your attempts to improve the payroll system?---So rather than just the next priority issue being agreed and being

addressed, it would still be debated as to whether it was a defect or a new requirement, so we had to go through that process and then depending on the outcome of that depended on whether IBM would proceed with fixing it or we had to consider whether it had to sit on a waiting pile to either - CorpTech could deliver it as a new requirement, which didn't matter to us whether it was a defect or a new requirement, it was just the next priority, or - yes, so - and whether it impacted warranty. So for a little we were not doing any new requirements work, the CorpTech team, because we were of the understanding that, well, if we touched that functionality, IBM would no longer warrant that aspect of the functionality, so it was about attempting to protect the warranty with new - Queensland Health had some real issues they needed addressed, so we were trying to manage warranty, we were trying to manage Queensland Health's requirements and needs, and we were trying to negotiate and debate with IBM about defects first as change requests.

Thank you.

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MR HORTON: You said earlier there were two things that you had to do in order to, in effect, take over from IBM. The first was to establish a direct relationship with Infor?---Yes.

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And I think you said you did that in November 2010?---Yes.

Did you try to establish that relationship earlier?---I would have made suggestions at an earlier time, but there were no - I was unable to establish or have a direct relationship with Infor until the IBM support arrangements were addressed.

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Yes. Why was that?---There was an IBM - historically from the whole of government procurement process - support contract in place as well for the Workbrain environment, so irrespective of the project they would have continued to be, for want of a better word, the middle man between us and Infor.

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The other thing you mentioned was you needed to have access to the people who were working for IBM - - -?---Yes.

- - - but as contractors?---Correct.

You ultimately, it seems achieved that objective as well? ---Yes.

When did you achieve that objective?---It all came to fruition at that sort of end of October. So when the supplementary agreement, I think, took effect, the Infor contract was put in place. The new direct contracts with individual contractors was established, so that was all part of the handover process at the end of October.

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You've spoken about the practical difficulties, if you like, of the Infor arrangements, but did IBM ever hinder you haven't access to people who were contractors or to you forming a relationship yourself with Infor?---I had very little to do with Infor directly while IBM was in place.

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Yes. But I'm asking whether IBM ever hindered that taking place or you having access to contractors after they had finished work with IBM?---Sorry, can you ask the question again?

Sorry. Did IBM ever hinder or stand in the way of you forming a direct relationship with Infor or you having access to people who worked for IBM as contractors?---No, not once we had agreed that that was what needed to happen.

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Thank you.

COMMISSIONER: But beforehand?---I probably didn't look to - I worked - post go live, I worked reasonably closely with a lot of IBM's individuals in the team and I had formed

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relationships and had - when I say, working relationships in terms of knowing who had certain knowledge and skill and I would be confident to go to those people as and when I needed, however, I needed to be mindful of the management structure, but I think over time there started to be an unofficial reporting relationship or, you know, those staff on the ground saw that they were providing services to myself and the team.

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Thank you, Mr Commissioner. That's the evidence-in-chief of this witness.

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COMMISSIONER: We might go back to the old batting order, I think, Mr Kent

MR KENT: I'm happy to resume by first drop position.

Ms Stewart, I just want to ask you about a couple of things that are at the beginning of your statement. You describe there your career background and if I may summarise, it seems that you'd been involved with Queensland Health for many years - - -?---Yes.

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- - - but spent then some time at CorpTech?---Yes.

Correct? Is that right?---Yes.

And, in particular, you were involved with the LATTICE implementation project - - -?---Yes.

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- - - from December 1997. Was it already going, that implementation project, when you joined?---Yes.

How long from then did it take until that project was concluded?---So I think by that stage, from memory, that had already implemented the pilot site, so the Toowoomba Hospital or the Toowoomba district was the first pilot site and I believe - or it was in train to be implemented, I can't quite remember the details, but the project had probably been running for a couple of years before that.

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Is this correct that it took about two years to build that solution?---I think from memory it would have been about at least two years to build the solution.

And then some more time for the progressive roll-out of that solution?---Yes. So there was all the individual payroll systems at that time, so they were able to go site by site and each implementation would have had an element of fine tuning the build for that particular hospital and then an implementation period where there would have been testing and change management, et cetera, and each one would have taken between six to 12 months, probably.

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But a lot of them were running concurrently, I presume, were they?---Yes, yes. 1

Is it fair to say that between the build and the progressive roll-out, perhaps three years or more for that?---Would be a fair assumption.

And this seems to be slightly different in nature in that, as you say, it was implemented hospital by hospital?---Yes. 10

Correct?---Yes. District by district I think it was at the time.

And that was not desired or possible with the solution that we've been talking about here?---No. Once you moved on to a single payroll system, it was very difficult to do a progressive roll-out because of a whole range of issues.

Is it fair to say then that this solution, even on an interim basis as it was, as you understand it would always have had more functionality and complexity than LATTICE? ---Yes. 20

For example, it was always going to have date effectiveness?---Yes.

Correct?---Yes.

It was going to have the capacity to manage concurrent employees?---Yes. 30

And it was going to have the ability to apply award rules and entitlements as to attendance information?---Yes. That was done in LATTICE, whereas this was going to be done in Workbrain.

Okay. You've just been talking to Mr Horton about post go live and you were discussing - I think you answered a question of Mr Commissioner about some of the disputes and the problems about warranty arguments. Right? These boil down to continuing arguments about scope. Correct?---Yes. Well, "change request", "scope" - they became a bit interchangeable, but at this point we were often referring to changed requirements and new requirements as opposed to scope, but it was all much the same thing. 40

And there became disputes about whether they were within the contract and, therefore, within warranty or they were a new requirement and, therefore, not witness the warranty, so you would have to pay IBM a fixed - - -?---Correct. 50

Correct? You discussed with Mr Horton some of the kinds of problems, to use a neutral term, that came up from the second pay onwards. By that stage there were what you would describe as system problems, correct, rather than data entry problems?---Yes. Both were surfacing.

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Right. I think as you've already described, these relates to things like performance which largely relates to the speed?---Yes. 1

Correct?---Yes.

And also as you've described, integration?---Yes.

Okay. The third pay run proved to be particularly problematic?---In the final aspects of the pay, yes, which would have been - I need to qualify, would have been seamless to Queensland Health, so it was, you know, experience by the CorpTech team. 10

Something you experienced at your end not at the Health end?---Yes. We would often experience pain that was not seen by Queensland Health.

Is that actually a distinction between the experience that you have, on the one hand, versus Janette Jones on the other?---Absolutely. 20

If she thought that the first three pay runs went pretty well, you might beg to differ in your experience of it? ---Yes. I mean, there were valid reasons for a slightly different view around that.

COMMISSIONER: But you weren't occupying parallel universes. There must have been some conversation. I mean, could anyone in Ms Jones' position have seriously thought the first three pay runs went well?---I think for a new system within Queensland Health, a large complex payroll system, whilst I'm saying there were issues, it was not that bad. It was not worse than probably what I would have expected other than the performance issues or, you know, performance issues and integration issues. Other than that, the number of calls being logged around system issues, the volume, yes, it was frenetic and we were working tirelessly, but we expected that. The first three pays were considered reasonable from, you know, what was being expected other than some of the specific things I'm calling out. I think from within the payroll area, they were experiencing more pain from other things that were not system related. 30 40

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But the problem with the system, I take it, were matters of real anxiety. You saw system problems - - -?---Yeah. 1

- - - in a new system?---Yes.

I take it they were a cause of anxiety to you, they weren't what you expected?---Specifically, I expected new defects, I expected large volume of issues being lost, I expected all of that. I was concerned I was going to see integration issues, I did have anxiety that we did. 10

MR KENT: Apart from all those, the performance issue is not particularly one that you did expect, correct?---No, not specifically, there was some early, you know, there was some early issues in stress and volume testing but they were addressed and resolved, and they final results would have suggested that everything looked reasonable.

Is this correct: that when performance, and by "performance", it basically means feed, was identified as a problem. Was contact made with Infour about that, being Workbrain?---Well, Workbrain performance not pay run performance. 20

Okay?---Workbrain performance issues, yes.

Is this correct: that they recommended some fairly simple changes, including the arrangements about the use of the web sever which improved the performance in Workbrain? ---There was a range of changes that they recommended, and that may have been one of them. 30

When they became involved, did the speed improve?---Yes, over time.

All right.

COMMISSIONER: Over how much time?---There was incremental improvement, so it didn't happen suddenly on one day. 40

Over months?---Over months. Yep, I believe there was still work going on in May, in that May time frame, from memory.

MR KENT: I might have identified this already, I'll just touch on it. Is it the case that the problem of publishing rosters from MVS to the time sheet, that was a system issue, correct?---Yes.

You've spoken about the integration issues between SAP and Workbrain. Did they result in an increasing number of error messages that you were receiving?---Not relating to Workbrain performance but in relation to integration, yes. 50

Integration?---Yes.

Those error messages from the integration issue themselves created other problems, correct?---If they were not addressed quickly enough they would have resulted in pay issues had we not prevented it.

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Is that the issue that I think you've said you had two people working full-time just on that?---Yes, it was probably a combination of the errors as well as identifying the ones that weren't errors, so identifying a sleeping issue that did not appear in an error message.

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So they could be like latent issues that could develop into errors, correct?---No. The interface was designed to error in certain sets of circumstances. Where Workbrain was not accurately sending the right information, there would be a message. It just simply sent the wrong information and SAP received the wrong information, it all loaded okay so it was those sorts of things where we needed to identify where there was a problem.

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I'm not sure if we're talking about the same thing now, but is this correct: there was an integration issue in that a defect in either system, that is, SAP or Workbrain, which meant that data was not sent would result in an error but no error message?---Correct.

So that needed to be detected?---Correct.

Is that the kind of issue that these people were working full-time on?---Probably largely. Either addressing the errors that were for CorpTech to deal with, because some of the errors were for the payroll to address, the central team. So they would have been addressing our errors as well as identifying the errors that were not messaging and correcting the data.

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You've noted this already, but in summary of the whole process post go live for all those involved was very tense and exhausting?---Absolutely.

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You make a couple of comments about the overall implementation from your experience only, you're speaking? ---Yes.

In how LATTICE was implemented, the time frame for this implementation was really too short by comparison. Is that what you're saying?---Yes, there would have been far more time spent on detailed business requirements to build the LATTICE system.

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Nothing further, thank you.

COMMISSIONER: Mr Traves?

MR TRAVES: No questions, thanks.



COMMISSIONER: Mr Ambrose?

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MR AMBROSE: No questions.

COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you.

Ms Stewart, you'll need your statement for my purposes. Can I just ask you about LATTICE? It's the case, isn't it, that the whole of the payroll activity which was conducted prior to anything to do with the replacement of LATTICE, involved the use of the LATTICE software system?---Yes.

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The use of a series of other pieces of software?---Yes.

And a number of workarounds, manual activities?---Correct.

How many?---Workarounds?

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Yes?---There would have been at least 100, I would think. I can't recall exactly.

Was that something done by CorpTech or by Queensland Health or by a combination of both?---At the time, my recollection is the support team would have developed the workaround, so the CorpTech team. Remember, at one point LATTICE was supported by Health so there were machinery governance changes involved, so the support team would have developed the workarounds and provided them to the payroll users.

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To actually do?---Yes.

All right. Thank you. And you know, I think you've agreed with Mr Kent, that the proposal was to have an interim replacement of the LATTICE system only under this particular contract - - -?---Yes.

- - - with some roll-out at a later date of a more complete payroll HR/finance system?---Yes, which I understood to be phase 2 where ESS and MSS and those sorts of functions.

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And other things?---Yes.

So that you understood that what was being done at least in the interim arrangement was not one which would lead to a fully automated system without workarounds, you knew there would be some?---My understanding was certainly not that the existing workarounds would remain, that where the new solution did something automatically that replaced something that LATTICE couldn't do automatically it would work.

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But not that it would in fact replace all of the workarounds?---A large majority of the workarounds were

in relation to how payroll was calculated. I expected the new solution to be able to calculate payroll. 1

That expectation, was that drawn from looking at any documents, that is, did you look at the QHIC scope document or any of the detailed design documents?---I was not involved in the detailed scoping in the earlier part of the project.

I accept that. You were, however, on the project directorate?---Yes. 10

In the course of being on the project directorate, did you look at the QHIC scope documents or any of the detail, business design, process design or functional documents to inform yourself as to what it was that was the subject of the LATTICE replacement system?---I recall looking at - I think it might have been the project implementation plan at the time that said that it was to deliver a payroll solution that was supported and supportable. 20

Thank you for that. Did you look at the QHIC scope definition document?---I probably brushed over it early in the piece when I joined the project directorate, I can't recall any detail.

It itself, may I remind you, refers to a series of more detailed documents to identify things?---Yes.

Do you recall looking at those?---I wouldn't have looked at the full suite but I understood what PDRs were, process design report. I understood what the CTD was, which was the configuration tracking database, I'm familiar with the sorts of information that would be in those. 30

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You're familiar with the kind of information as distinct from - - -?---I have seen - so since go live, I have seen quite a few of those documents.

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Very good. Now, can you please take up your statement to paragraph 33. At the very end of it you say:

*I had limited information about Queensland Health's business readiness and it was not my role to oversee that.*

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Can you just tell me what you mean by "Queensland Health's business readiness"?---I mean whether the - well, outside of payroll, so whether the line managers and staff, and the Queensland Health organisation in general was ready, so when I say "limited", I was of the understanding of how that was being reported but I was not involved in the detail around exactly what actions were happening to make sure the business was ready.

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Right. But part of the process or part of the activity in rolling out the system includes the recipient of the system having its business processes in place - - -?---Yep.

- - - to receive it and to work with it?---Yep.

That's an important part?---Yep.

And we'll come back to some aspects about that, probably tomorrow at this stage, but that would include putting in place people or structures to deal with problems that might arise post go live that relate to business readiness? ---Yep.

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And when you're on the project directorate, did you have an understanding, at least, that attention had been given to putting in place systems to deal with challenges within the business process as they might arise?---I was advised that those things were being put in place.

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Well, by whom?---It would have been Tony Price at the time, I would think.

And as best you can recall, what form did that advice take and what was it?---Well, there would have been progress reports from the QHEST project provided verbally and written to the project directorate. I was aware that there was the communication campaign, various web access and presentations and roadshows, and things going on.

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Right. So that one of the things that it would have to do is to tell people there's going to be this new system being introduced?---Yes.

Probably tell them about that the likelihood would be some glitches, which is an incident of any introduction of a new system - - -?---Yes. 1

- - - you'd take it to inform them about the change, would it be right, in the form in which their payslip would appear after the new system - - -?---Yes.

- - - and to explain to them it will look different but explain the contents it contained?---Yes. 10

COMMISSIONER: Is it likely in some cases the payslips were four pages long?---Yep, it could have been, because of retrospectivity. LATTICE was not retrospective and therefore if you were recalculating something that happened 10 pays ago, it would have just been one figure, one month sum on the payslip; whereas, SAP would have unpacked that to a degree, which contributed to some of the confusion around what was on my payslip. 20

MR DOYLE: Well, help me with this, please: under LATTICE, the payslip would really be just a one line which would have a figure, a gross, a net, and a tax, presumably?---No. The LATTICE payslip -the whole of government payslip design was based on what the LATTICE payslip looked like, so its layout and format was very similar. It had day by day, shift by shift for that pay period. The difference was in retrospective processing, this solution introduced retrospective processing, so how those changes were reflected on the payslip was the thing that we were looking at. 30

So that I understand, then, part of the business readiness process would be to tell people the information on the payslip will be in the same general format but it will now be able to deal with retrospectivity in a way that previously it hasn't. Would that be a fair way of describing - - -?---Yes, they would have had to use much of the language, I would think. 40

But that's in order to inform people that it's going to look different but that's what we're hoping for?---Yep.

All right. And also, there was a decision made that if rosters were not in or amendment to rosters were not in, in a particular time, people wouldn't get paid?---It wasn't as simple as that.

Well, there was a decision which that is sort of a topic? ---Yes. So that's only for part-timers. Where employees - where full-time employees did not have a roster, SAP would pay an exception pay. Where you had a part-timer, if nothing was sent to SAP, an exception pay would happen. Where if five minutes was on the roster and was sent to SAP, there would be no pay for the rest of the roster, so 50

there were a range of scenarios that we would have configured - - -

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All right. Well, let me put it differently. There was - part of the business decision was to introduce some rules or to enforce some rules about when you would become entitled to pay - - -?---Correct.

- - - or when you're paid, I suppose, rather than entitlement?---Yep.

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And that included making sure that the right form was in at the right time?---Yep, which was no different to LATTICE and ESP.

No, but it was a decision to enforce that rule?---To continue what was in the existing system.

Well, was there no education of people when the go live was introduced to tell them that the roster form or the amendment has to be in and signed by a certain time?---I believe there was communication around that and, as I said, it was a practice that was in place with ESP and LATTICE as well.

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Was it one which, to your knowledge, had any change in the enforcement of that practice introduced to coincide with the introduction of the LATTICE replacement system?---My recollection was there was a reinforcement of that message.

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That may be so. Was there an alteration of the enforcement of that message, to your knowledge?---I couldn't comment. That's Queensland Health's - - -

Okay.

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COMMISSIONER: I have become confused. What was the change between LATTICE and the replacement system with respect to rostering and entering rosters in the system? ---So the difference, within LATTICE and ESP, if you were not a rostered type employee, if you were more of a Monday to Friday employee, you did not require ESP to send any information. LATTICE would pay your contracted hours or you were put on a cyclic time sheet type arrangement in LATTICE that would take care of you. If you were a rostered employee, such as a nurse, in ESP, if no rostered information or the roster was wrong or sent to LATTICE, you would get the wrong pay outcome, just as you would with SAP and Workbrain. What was probably slightly different is that there were highlight reports at the hub level that identified that people were not getting their contracted hours and I would probably think that the payroll officers at the hub level had time to address that, whereas with the new solution with all of the error messages and everything going on, they probably didn't have the opportunity to follow up on those things as they would have in the past.

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So what was the result of that in terms of being paid or not being paid?---You would not - on the new system, Mr Commissioner?

Yes?---On the new system if you were - I'm sure that if you were a part-timer, you would not have got paid. If you were a full-timer SAP would have paid what was called an exception pay, just pay you your contracted hours.

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MR DOYLE: If you were on a roster such as a nurse, were you required to put in a form to record the number of hours you are rostered to work each two weeks?---No. The nurse wasn't required. The line manager - - -

The organisation was required to submit the documents? ---Yes. The line manager was required to submit the roster.

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Right. If there was an amendment to that, there was some facility for the submission of a change to that?---Yes.

That too was done by the line manager?---They would submit it, yes.

All right. There was an information program ahead of the go live, ahead of March 2010, to tell people it was important that they had those things in time, do you know? ---I would have - my understanding is, yes.

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That's because there was a decision made unless those things were in in time, people would not be paid?---May not be paid. Correct.

May not be paid. And that was true - it was, I suppose, a less impact for people who were 9.00 to 5.00 employees because they had a constant employment regime, but would affect more acutely people who had variable hours. Would that be right?---Yes.

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Such as shift workers and nurses and, whatever, who work in hospitals and so on. You're nodding. You've got to answer audibly?---Correct. Sorry.

Thank you. Can we go to - I'm going to go to the pay runs. Is that a convenient time?

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COMMISSIONER: Yes. Yes, thank you. We will adjourn now until 10 o'clock.

THE COMMISSION ADJOURNED AT 4.30 PM UNTIL  
WEDNESDAY, 15 MAY 2013

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