



SPARK AND CANNON

TRANSCRIPT OF PROCEEDINGS

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 16/04/2013

Continued from 15/04/13

DAY 17

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

PERROTT, BARBARA JEAN:

MR FLANAGAN: Ms Perrott, yesterday we moved to the ITO process itself and we were dealing with probity. In relation to the two named probity officers, namely, Mr David Stone from the Treasury Legal Service and Mr Swinson from Mallesons. Both deny that they were appointed probity advisors in relation to this process. Do you appreciate that?---I wasn't aware that they weren't - I wasn't aware that they denied that they were.

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All right. Was it the practice of the Queensland government for large tenders such as this one to have a probity advisor?---Yes.

What steps did you take to ensure that probity advisors or at least one probity advisor had been appointed to this process?---I had thought that they both were appointed to the process.

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Now, you said in your statement that you met with team leaders in the course of the evaluation. Do you recall that?---Yes.

And that you had a project - - -

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THE COMMISSIONER: Sorry, Ms Perrott's last answer wasn't entirely helpful. I wonder if you could explore that.

MR FLANAGAN: Yes, of course.

THE COMMISSIONER: What basis did you have for thinking that they had been appointed, or one had been appointed? ---Well, firstly, I had been part of briefing Mr Swinson into the process and I had thought - I think, I can't 100 per cent - I thought it was Mr Millman, that I had actually briefed Mr Millman as well on the process rather than - who was Mr Stone's supervisor and that they attended regular briefings, attended regular meetings. We called on them for advice throughout the process and they would have signed documents through the process so it was my understanding that they were officially the advisors in our process.

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How normally, with the time at least, was a probity advisor appointed? Was there something in writing? Was there a definition of roles?---I would have imagined that there would have but I can't - I can't specifically take my mind back to a document that describes the roles but certainly when we briefed them we would have described what their role was and certainly I never got any feedback from them

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that (1) they hadn't been - if they wanted a formal letter that they didn't have it and I'm not sure that we didn't give it to them at this stage, mm. 1

Speaking generally, what was the role of the probity advisor in a procurement contract such as this one?---Well, I think with Mr Swinson we were looking for legal advice and looking at it from a legal view point in terms of how we were progressing with the - Mr Stone, we were looking for adherence to the procurement policy and I guess if there was any deviations from a proper procurement process. 10

Does the role - normally anyway, involve some proactivity or is it just responding to questions as and when they are asked?---No. I would have thought that it required proactivity, like, with some of the - I can recall a couple of the meetings or particularly around Workbrain, I can recall Mr Swinson being in the room when we had the - in the evaluation room or we had presentations from X to provide extra information to the process and that wouldn't have - I wouldn't have expected them to just sit there and wait until we ask them questions but if they had concerns in the process, they would have been proactive in providing that advice to us. 20

Thank you.

MR FLANAGAN: In relation to team evaluations, did you sit in on the team evaluations at all?---Yes. 30

How often would you do that?---Sorry, the evaluation leaders meetings, I sat in on every one of them where I was the chair and the leaders for the meetings but with the actual team evaluations on the content, the content experts, I would sit in either as required if there was a specific issue being debated that was a decision point if you like, so the Workbrain one was a good example. The governance one from time to time I would sit in on because I had a particular interest and a particular expertise on that one. 40

In your statement, you say that you don't have any recollection of Mr Burns speaking to the team leaders with regard to them rescoring their evaluation of the tenders, do you?---I don't have any recollection of him - I think it was put to me at one point of forcing them down a particular track and I don't have - I certainly don't have any recollection of that. There were moderation meetings though where scores would be discussed and the whole purpose of a moderation when the groups got together and viewed things from one another's point of view there was discussions around - there would have been - part of the moderation process was discussions around scoring so I can't - and certainly I have no memory of Mr Burns being particularly dominant about scoring in those meetings. 50

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But do you have a recollection of Mr Bond coming to you and bringing to your attention that his team at least had been requested to rescore by Mr Burns?---Yes, and when I investigated that, I had thought that it was part of the moderation process. **1**

When you say you investigated that, is that part of your statement?---I talked both to Mr Bond and to Mr Burns.

Is that part of your statement?---I don't think it would have been at that point. **10**

No, but do you now have a recollection of Mr Bond bringing to your attention two concerns he had about Mr Burns; first of all that Mr Burns was a non public servant leading this process?---I don't have - I'm struggling to - I guess things are getting mixed up in my head a little bit about conversations that I had with any of them back then but I know there was a concern that Mr Bond had at some point about the overall direction of the program and bringing in a non public servant, yes. **20**

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All right. What was your response to that?---In terms of the non-public servant, my response would have been something along the lines that it's not unusual in government to bring in an independent advisor or an independent reviewer that isn't a public servant to actually review the process.

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When you say that Mr Bond spoke to you about the re-scoring, that you investigated that, is that correct? ---Well, I know I would have spoken - and I can't remember the details of how I would have investigated other than my normal process would have been to bring Mr Burns in and also to talk to other people who might have been in the room.

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Apart from your normal process, what's your recollection of what you did when Mr Bond brought to your attention that his team had been requested to re-score?---I can't recall the specifics, I'm sorry.

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You appreciated that the re-scoring was brought about by what Mr Burns said to Mr Bond's team?---From Mr Bond's perspective.

Yes?---Yes, from Mr Bond's perspective, yes.

And you also appreciated that after the re-scoring was done IBM took the lead in relation to a number of teams instead of Accenture. Yes?---My memory's been refreshed by looking at the documents.

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The scoring, yes?---Yes.

Did you know that at the time, though?---I knew there was a moderation process going on, I can't - I would have known at the time that the scores had changed, yes.

But in the ordinary course of events, if you had a senior public servant such as Mr Bond come to you with a concern in relation to Mr Burns' conduct, which was conduct that Mr Bond identified as requiring a re-scoring by his team and others, yes, is that the sort of matter that you would bring to the attention of a probity officer?---Yes.

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And did you bring that matter to the attention of either Mr David Stone or Mr Swinson?---I can't remember specifically, but it is something I would have raised as a probity issue.

Do you have a recollection of raising it with either Mr Stone or Mr Swinson as a probity issue?---No, not at this point.

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Do you have any recollection of your conversation with Mr Burns, if one took place, in relation to this issue?---I can't at this point remember the detail.

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But it is the case that you do recall Mr Bond speaking to you about this process. Yes?---Yes.

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Does that indicate to you at least that you were not present when Mr Burns gave his talk that caused the re-scoring to take place?---It could indicate that, but I may have been there.

Can you give any assistance to this commission as to why the re-scoring took place?---I can't recall that detail, I'm sorry.

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Prior to the ITO had Mr Burns ever expressed to you a preference for one tenderer over another?---No.

You're quite clear about that?---I'm quite clear about that.

Because Mr Bradley, in his statement, actually says he had an understanding that after the RFP process Mr Burns had identified IBM as his preferred contractor?---Well, that discussion never happened with me.

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All right. So when Mr Bradley talks about that understanding, that understanding didn't come from you? ---No.

And you didn't have that understanding at the time that you entered into the ITO process?---No, I went into the ITO process on the understanding that we were giving all applicants a fair chance, and they would be evaluated on that basis.

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You did attend team leaders meetings with Mr Burns present? ---I did attend team leader meetings, and it would have been likely that Mr Burns was there because of his role as project manager ITO.

And Mr Shah was present?---He probably would have been as well.

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And Mr Goddard was present?---Probably, and Ms Blakeney was likely to be present as well.

Can you recall how many meetings of team leaders you attended in the course of the ITO process?---There certainly would have been at least three around the formal steps in the process, but there were other meetings, there was possibly two presentation meetings around the Workbrain discussion and possibility, and that would have also led to the possibility of another one around the pricing. There could have been six actual formal evaluation type meetings.

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Did you attend the presentations of IBM and Accenture in relation to clarification sessions?---I would have attended some of them, I can't guarantee I was at all of them.

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All right. We discussed briefly yesterday price. You gave evidence that you appreciated there was a considerable difference between the indicative pricing of IBM for the RFP and the price tendered for, the footnoting, at the \$98 million tendered for the ITO. Yes?---Yes.

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Was that something that you realised when you saw the actual figure for IBM's tender?---At the ITO?

Yes?---Yes, it was; yes.

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Was that fact known to other persons involved in the evaluation?---I would have thought it would have been.

As chair of the evaluation panel, did you bring it to the attention of at least Ms Orange and Ms DiCarlo and Mr Shah who was on that evaluation pricing panel - - -?---Yes.

- - - the fact that there was a considerable difference between the two?---Yes, that was one of the, I guess, points of discussion about when we were analysing price, that was one of the points. I don't know whether I specifically brought it to their attention or whether they already had the knowledge.

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When you say "when we were analysing the price", when did that take place?---The original analysis of the price would have been done through the team that was responsible for that, but when we came together as an evaluation panel the discussion around the differentiation in the price and the value for money and the difference between Accenture and IBM's price was what we were discussing and why that would have come about.

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Yes, what we're talking about right now is the difference between IBM's RFP price indication and the price that IBM tendered for in the ITO process?---Yes.

We don't see any discussion of that in the final report on price as part of the evaluation. What did you do about it knowing that there was a considerable difference between those two prices?---I know that was an item of discussion and I can't recall the specifics back then of what I actually did other than there was a process going on that where the whole discussion and analysis of the price was happening, so I remember that I reached a point where I felt satisfied that I could be comfortable with the recommendation going forward.

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Do you know how you became satisfied, because no clarification was sought from IBM, or seeking any reconciliation or explanation of the differences?---Yes, I can't recall.

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Thank you. Who put Ms DiCarlo on the pricing panel?---It probably was me and a discussion with Mr Bradley.

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Why was she put in the panel?---I can't remember the timing of when she was put on the panel, but I viewed her as an important person on the panel because Ms Bugden was moving to another position and we needed to replace the expertise that Ms Bugden had.

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Ms DiCarlo was a person who had the ear of the under-treasurer?---She was.

And she was familiar with the business case in relation the Shared Services Initiative?---She was, and I was aware that she'd done a lot of the financial analysis around the SSI.

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So she was particularly aware of the remaining budget for the program. Yes?---Yes. 1

We see in appendix D to the final evaluation report but there is an analysis done by Ms DiCarlo of the existing budget and what can be achieved under the existing budget in terms of IBM's response to the ITO?---Yes.

You're aware of that exercise being conducted?---Yes. 10

Even though it's part of the evaluation report and appended to the evaluation report, Ms DiCarlo said it had absolutely nothing to do with determining who was the successful tenderer but was rather done for the purposes of informing whoever read the evaluation report of what could be achieved from the IBM bid in terms of the existing budget?---Yes.

Now, what role did you have in Ms DiCarlo conducting that exercise?---It could have been information - again, my memory is hazy, but it could have been information that I thought was relevant in terms of informing the - we, as an evaluation panel, we were making a recommendation and because it was complex, we needed to make that recommendation to Mr Bradley, and I think what would have normally been the case, he would have - there was the CEO committee that was made up of the CEOs, about five other CEOs, and he would have wanted to discuss that with - the recommendation with them, and it would have been information that he would have found helpful in terms of trying to get them to understand what was a realistic way going forward. However, you know, my memory is a bit hazy, but I'm coming from a point of logic now, I think, in terms of what the approval process was. 20 30

Did the fact that the IBM proposal was within existing budget of the government impact the evaluation of the Accenture tender and the IBM tender?---Yes, it would have because it would have - the value for money equation was an important part of the decision. 40

You attended meetings where Mr Salouk and Mr Snedden had brought to your attention and the under-treasurer's attention to be aware or be wary of what they described as a silver bullet. Yes?---Yes.

You appreciated that there was close to an \$80 million difference between the IBM bid and the Accenture bid. Yes? ---Yes. 50

That is, we're comparing \$98 million with \$175 million. Yes?---Yes.

So around a \$77 million difference. Yes?---And that amount excluded their travel and I'm just not sure - - -

Clarification was sought - - -?---Okay.

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- - - in relation to that and the price put up for that was \$5 million. Yes?---Okay. Yes.

But in relation to the final analysis of prices between the two, after all the clarifications were given and some best estimates were actually fixed by the pricing evaluation panel - - -?---Yes.

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- - - what was the difference in price, to your memory, between the IBM price and the Accenture price?---The dollar figure or the - - -

Yes, tens of millions?---Yes, yes.

All right. Did it cause you concern that two bidders for the same work that had been identified in the ITO, both who had been involved in one respect or another with the roll-out to date - - -?---Yes.

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- - - could put in such varying bids?---Yes. And the differentiator was their proposal around Workbrain, was the differentiator in - - -

Thank you?---Yeah.

So we'll come to Workbrain?---Yeah.

If you may now - - -

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COMMISSIONER: Before we leave this topic, Mr Flanagan, Ms Perrott, what exactly was Mr Burns' role meant to be in the ITO process?---His role was what you might call a project leader of the ITO process, so part of his team was the procurement person, people who were getting the documents ready for us, so being like a facilitator of the process.

Really, an administrator?---Yes, setting meetings and - - -

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But not taking part in the evaluation of the bids or expressing opinions about them with respect to the value of the bidders?---No.

Just, really, a resident assistant (indistinct) the role but that was the assertion?---Yes.

All right. Thank you.

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MR FLANAGAN: With that description of his position, you wouldn't have seen him having any role in seeking to have teams rescore?---Other than managing the setting up the meetings for the moderation processes, which was part of the process, so their job was to make sure that each step

of the - being a coordination or a stage manager role, if you like, but I don't believe - like, he may have said, "Well, we need to have a moderation meeting; these facts have come up for that evaluation, for that team to actually look at rescoring." But in fact in terms of instructing them that they had to rescore, that wouldn't - I didn't view that was his role.

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Thank you. You recall that ITO's response to the - sorry, that IBM's response to the ITO made reference to the use of a product called Workbrain?---Yes.

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And that part of its response, that part of its response was considered to be innovative. Yes?---Yes.

And it was considered to be innovative by Mr Burns?---Yes, and all of us.

Well, when you say "all of us", do you recall that Mr Bond brought to your attention his concerns that the Workbrain solution proposed by IBM was unproven?---Yes.

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And it remained unproven for the purposes of the evaluation. Yes?---Yes.

And you know that as a fact. Yes?---Yes.

But the Workbrain solution by IBM not only had an impact on the timing of the roll-out but it also had an impact on the price that IBM were tendering. Yes?---Yes.

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And you knew that as a fact. Yes?---Yes.

The fact that Workbrain remained unproven in spite of clarification sessions and despite presentations by IBM, how was that ultimately dealt with?---Yes. As an evaluation team, we sought at least two but perhaps three referee sites or reference sites and I can recall one, if not being part of one, if not two, presentations from the vendor and reference sites where they weren't working sites, they were - or they weren't Workbrain/SAP mix, they might have been Workbrain/Oracle or Workbrain/some other payroll system. So we got to a point though where we had enough confidence that - and the solution, because we knew the difficulties that we had with Housing in terms of configuring the awards into SAP and the time, and the costs, that required, in weighing up the balances, we felt that we had enough confidence to move to the contracting process, so the recommendation, the evaluation process that we moved to, the contracting process, and the recommendation included that we would tighten that into the contract, needing a period of time to prove the - and if that couldn't be proven, that we would move to the second applicant.

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You recall though - - -

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COMMISSIONER: Ms Perrott - sorry, Mr Flanagan.
Ms Perrott, what was the basis of your understanding the
use of Workbrain as you've described made the IBM price so
much cheaper than Accenture price?---How it had been
presented to us was that - - -

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Who did the presenting?---Pardon?

Who was - - -?---The IBM proposal and then they did a
couple, as I said, a couple of presentations to us with
proposed reference sites. Now, it was presented to us that
it was faster and less complex to configure the awards
into Workbrain, and given that Health had something like
69 awards was the number that was at that time, it was
attractive to us to look for, perhaps, something that would
give us an ease in terms of managing, because the award
issue in Health right back from 2002 was always something
that we knew was going to be a problem and so I guess it
was attractive in that it potentially offered us a solution
to move Health faster and be a cheaper solution.

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Now, when the IBM people made that presentation, they
didn't, of course, know what Accenture's price was?---No.

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So they couldn't have said to you, "The reason we're cheaper than Accenture is that we're doing this." So someone must have made the connection, "This is what IBM is doing, that's not what Accenture's doing." Who made the connection that's why the price are like that?---That was the basis of discussion in the evaluation team, you know, we received the information and that was the basis of our thinking that this helped to make IBM's price cheaper.

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All right?---Yes.

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MR FLANAGAN: Thank you. When Mr Bond brought to your attention his concerns that the Workbrain solution of IBM was unproven, do you recall that you responded by saying that you were confident that it could be proven?---No.

So your position was you knew at the time of the evaluation report being finalised that the Workbrain solution proposed by IBM was an unproven solution?---Yes.

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And there was no part of the referee checks, or, indeed, was there any part of the referee checks or the presentation done by IBM on or about 17 October 2007 that caused you to change your view that the solution was in fact unproven?---No, I always knew that it was unproven.

And it was to be left for contractual warranties and contractual conditions. Yes?---Yes, if - - -

And ultimately for testing. Yes?---Yes.

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Given that the solution was unproven, how does one do a price comparison in a tender process between one price that is set to be low, or in your own mind lower than Accenture's because of this particular solution?---At the time, the price comparison would have been made assuming that it would be proven, however, that was the point to be considered in the contractual arrangements. There was to be a short period of time, that if it couldn't be proven in that period of time we would move to the next tenderer.

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In terms of value for money, that comparison is done between the competing tenders on the basis of an assumption unproven?---Yes.

Do you see a defect in that in terms of the process?
---Within the context of today I can answer "Yes", but within the context of where we were with the ITO process I am sure that if - yes, I'm sure that there was enough confidence at that point that what we were doing was right and we move forward on that basis.

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In terms of your confidence as to what you were doing was right, was that largely based on what Mr Burns was telling you in relation to this solution being innovative?---No.

You did speak to Mr Burns about this though, didn't you? 1
---I don't recall that I would have had a one-on-one
meeting with Mr Burns about this, but certainly Mr Burns
was part of - would have been part of meetings, evaluation
meetings, where this is being discussed. His point was
that his view point in those meetings weren't relevant.

But he expressed the view to you that he considered IBM's
solution to be innovative?---Yes, outside of those meetings
he would have. 10

COMMISSIONER: Apart from you, who made the decision to go
ahead with the IBM bid on the basis that Workbrain would
provide economies and justify a lower price?---The advice
from the members of the evaluation committee. There was an
evaluation committee that made the evaluation, we
then - - -

Who were they?---The heads of the team, each of the
evaluation team, the content teams in the evaluation had a
team lead and - - - 20

Was it your decision in the end?---No.

They reported to you, was it your decision in the end?---My
decision was to make a recommendation. I was the chair of
the evaluation committee so I was accountable to make a
recommendation to the director-general.

Was your recommendation that IBM be given the tender? 30
---That we proceed to contract arrangements, yes.

On the basis you explained to Mr Flanagan?---Yes.

And with or without considering points is this released
with you, that is, that you were proceeding on the basis
that the IBM offered this value for money if the idea
worked and was unproven?---Yes.

When you made the recommendation you appreciated that risk, 40
did you?---Yes, and that was certainly articulated to the
Gerard Bradley.

MR FLANAGAN: Can you assist the commission at all in
relation to why the earlier evaluation documents from the
teams identifies this Workbrain solution of IBM as "highly
risky", and it's changed from highly risky to innovative?
---I can't answer that.

Do you have any knowledge of that at all?---I don't have
any memory. 50

Just give me a minute, Mr Commissioner, please.

COMMISSIONER: Yes, of course.

MR FLANAGAN: Just going back to the cost team, do you know who appointed or caused Mr Shah to be appointed to the cost team?---I just can't remember the timing of when he was appointed, but the cost team - Ms Bugden, who was the original team lead, with her moved to another department and her unavailability then to be there full-time, Ms Orange, she was appointed to Ms Bugden's position. Ms DiCarlo was there to support her and I guess I was - it may have been me on the - it would have been my approval on the recommendation on I'm not sure who, but that we needed to get more financial analysis into the team.

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Who would have recommended Mr Shah to go on this pricing team? Actually, who did recommend Mr Shah to go on this pricing team?---I believe it would have been the senior management team members. Mr Shah had been working as part of the finance team for some time.

Was it Mr Burns?---It could have been but I would have discussed that with the senior management team, I can't recall.

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What's your best recollection of who caused Mr Shah to be on the pricing team?---I believe it would have been a joint recommendation that we knew as an evaluation team that we needed extra skills, and it would have been discussed at that meeting.

You see, Mr Shah was a mechanical engineer, wasn't he? ---I'm not sure.

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He certainly wasn't an accountant?---I'm not sure.

What qualifications did he have, in your mind, to approve him being on the pricing team?---He was recommended to me by members of the senior management team who'd worked in CorpTech for some time as someone who would be capable of the financial analysis.

When you refer to the senior management team, do you make any reference in that context to Mr Goddard or Mr Burns? ---Mr Burns would have been part of that team but certainly Mr Bond, Mr Hood and Ms Dalton.

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Can you tell us who set the time frame for the ITO and the evaluation of the bid?---The role of the project team Mr Burns led was to, I guess, propose a process which would have included time frames, but that would have been agreed to by the full senior management team as being appropriate.

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Ms Perrott, can you assist us why the time frame was so short for this ITO?---Again, my memory is it goes back to money, that the burn rate in CorpTech, as we talked yesterday, I think was very high with the use of contractors. We were still rolling off some of the

contractors, so it was a tense time as to how do we keep
the program running and not wasting money. So the need to
hasten quickly was, I think, primarily around money but
also the pressure from Health about the state of LATTICE
and the needing to start work to get work moving in there
as soon as possible.

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Did Ms Blakeney express concerns to you about the length of the ITO process?---The shortness, yes. 1

Yes?---Yes, she did, and as a result I spoke - had two meetings with the head of the state government procurement office and talked to her about what we were trying to do. She suggested - she was also concerned about the tightness of it but I guess gave me confidence that it wasn't totally unrealistic but it was something that we would need to manage very tightly. She also made a recommendation to me about a - the procurement plan, the - I just forget the title now, but the term, but a strategic procurement plan to needing to get that in place and have that tight as the beginning part of the process, which talked about what we were doing and what the time frames were, what the objectives were, so - and then I had a subsequent meeting with her midway through the process to update her on what we were doing, so I guess to some extent she was a process advisor at a more senior level than Ms Blakeney. 10 20

Good. Thanks, Ms Perrott.

COMMISSIONER: Yes, thank you. Mr MacSporran?

MR MACSPORRAN: Thank you, commissioner.

Ms Perrott, just on that last point, once you had those meetings with the government procurement person - - -? ---Yes. 30

- - - did she indicate to you that she was satisfied with the process as it was proceeding?---She did, as long as we put in - finalised the strategic procurement plan. That was her - like, it gives you the vision and the time frames and that, yes.

Yes. And did you do that, did you carry out - - -?---Yes.

Yes, all right. You told us, I think, yesterday that you had recommended, together with Mr Waite, Mr Burns to Mr Bradley. You made a joint recommendation - - -?---Yes. 40

- - - to be employed in the May review?---Yes.

And that had followed your meeting, I think, with Mr Uhlmann and Mr Nicholls?---Yes.

As part of that process in assessing Mr Burns, did you have the referee report checked?---I said yesterday that I know we had certainly - and I guess my HR background led me to think that we needed to - even though that they had done the referee checks, I assume that the companies that were recommending had done the referee checks, that it would be 50

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wise for us to do our own referee checks, and we had a discussion about - but I can't recall whether - who actually did them, but I know we - that was the full intention, and it may have been Mr Ford who was a more neutral - - - 1

Can you recall what the result of that was, what you were told about the checking of those reports?---Yes. I can recall that we all had a level of confidence that what - how Mr Burns had been presented to us we had a level of confidence that was right and that we were comfortable in recruiting him. 10

Nothing came to your attention to give you any reason to have concerns about appointing him to a position?---No.

You were asked some questions today about the probity advisor for the evaluation process?---Yes.

Could I ask you to look, please, at volume 22. I'm not sure if you have that. It would have been given to you, I think, Ms Perrott. Thank you. 20

COMMISSIONER: What page?

MR MACSPORRAN: On here it's page 6, I think. If you turn to page 6 of that in the volume, it should be volume 22, item 19?---Yes.

Should be at page 6. 30

COMMISSIONER: Page 5, I think, Mr MacSporran.

MR MACSPORRAN: Page 5. Thank you. Section that's headed, 3.7 Evaluation Panel?---Yes.

And you see there, there are various names assigned to various positions?---Mm.

And you'll see there Mr Stone is the procurement and probity advisor?---Yes. 40

And then further down, legal review and probity advisor Mr Swinson?---Yes.

Did you have a role to play in formulating this document? ---Yes.

Did this document go to all the people named in that table there?---Yes. 50

Would they have seen this before?---Yes, they would have seen it.

Does that table take your understanding of who the probity advisors were in the process?---Yes.

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Did either Mr Swinson or Mr Stone ever come to you with any concerns about being misdescribed in this document?---No. 1

All right. That's all I have, thank you, commissioner.

COMMISSIONER: Mr Doyle.

MR DOYLE: Thank you. Ms Perrott, I want to ask you about May 2007 and Mr Burns' role in a general sense. If we need to look at documents, I'll do so, or you can ask me, I'll show you?---Mm'hm. 10

When he was engaged at the very end of April to do his investigations for May, you were aware that his role would involve him talking to all of the suppliers to CorpTech at that stage?---Yes.

To inform himself about the program - - -?---Yes.

- - - as it was then being carried out. To try to encourage them, if he could, to give team information about difficulties with the program?---Yes. 20

And more importantly, to try to encourage them to give information about possible ways in which it could be done more economically and faster?---Yes.

That you would expect him to approach them on the basis that he would tell them that nothing was set in stone and nothing was off the table?---Yes. 30

That just because something had been done in the past was no reason that it should continue. Indeed, it may well be a reason why it shouldn't continue?---Yes.

And that extended to the roles of the various vendors, being open to change?---Yes.

You would expect him to say to the vendors that he was looking to them for innovative and expansive thinking? ---Yes. 40

That they could expand their roles?---Yes.

And that you would expect him to encourage them to become engaged with him in seeking to identify a better way forward, including, if possible, for them to have larger roles?---Yes.

One hope that you had for the program or for the rebuild of the program was that it would benefit from a more competitive atmosphere or environment?---Yes. 50

And that would mean at least encouraging all of the suppliers to believe that they would have to compete with each other in that environment?---Yes.

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That those with a lesser role could seek a bigger one and those with a bigger role might be at risk of having it reduced?---Yes. 1

And you have no doubt that Mr Burns would be conveying that message to the suppliers?---Yes.

One of the emails that you saw yesterday, and I'll take you to it if we need to, suggests that Mr Burns had asked IBM to come back to him with these things: a proposed approach, a schedule, resource plan and cost models. Do you recall that - - -?---Yes. 10

- - - language being used? And that's certainly what you'd expect him to be seeking from suppliers?---Yes.

To help him do what he had to do?---Yes.

And those things, you would appreciate, would not be readily or easily put together?---Yes. 20

That it would require a commitment of time and money, and devotion, if you like, by the supplier to bother to do those things for Mr Burns?---Yes.

And you would be expecting him to at least be attempting to encourage the suppliers to devote that time and money, and effort to providing that information to him?---Yes.

To encourage them, to motivate them to put in the effort to do so?---Yes. 30

Thank you. Now, I will ask you to go to volume 27, please. Page 230, please. You were taken to this yesterday. I just want to take you through parts of it, if we can. The fact that Mr Burns met a representative IBM was neither a surprise to you - indeed, you would have been surprised if he wasn't. Would that be right?---That's right.

COMMISSIONER: I missed the question, I'm sorry. 40

MR DOYLE: The fact that Mr Burns was meeting a representative of IBM would be no surprise to you; in fact, you would have been surprised if he wasn't, and the answer was yes. And it wouldn't surprise you if he had also bumped into such a person, had impromptu meeting and did the sorts of things that I've been asking you about him doing in order to develop his response in May?---Yes, that's right. 50

Okay. Now, if we just look at what is said here, it's reported that he has said that he is expecting big things from IBM. It would be certainly right to say you would expect Mr Burns to be saying to the suppliers he wants them to do big things, to come up with big ideas and that sort of thing?---Presenting that this is a big opportunity, a one-off opportunity, this is - you know, an opportunity for you to do big things.

1

So if you had said, "This is your chance to do something big for yourself and for the state of Queensland," that would be entirely what you would be expecting him to be saying?---Yes.

10

That kind of thing. To say that what he is after is innovative and expansive thinking; again, it's precisely what you hoped he was saying?---Yes.

I will leave out some things about Fonterra. Where it says, "He was encouraging us to really push the boundaries on this one," you would completely expect him to be saying you want them, that he wants the suppliers to push the boundaries on this rebuild?---Yes.

20

And that if they were able to come up with innovative and expansive thinking and push the boundary, that's the very thing he was looking for?---Yes.

And that would be well received by him?---Yes.

30

Then we come to the next paragraph where it's, "He's almost coaching us." Do you see that? If I were to suggest to you that what in fact occurred was - - -

THE COMMISSIONER: What - sorry, go on.

MR DOYLE: Thank you.

That he was saying that he wants to encourage IBM to be really focused to bring out the best to ensure a competitive contest and to provide the best outcome for the client that's exactly - - -

40

THE COMMISSIONER: How can Ms Perrott answer that?

MR DOYLE: - - - that's exactly what you would expect Mr Burns to be doing. I want you to assume that that was said?---Yes. I mean, the whole tenure of what we were trying to do there was create some enthusiasm and excitement with the tenderers so this sort of language is - - -

50

I'm asking you, I suppose, to assume that what has been described there as coaching is encouragement to bring out the best, so to speak - - -?---Okay.

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- - - what I just put to you, that's exactly what you would expect Mr Burns to be doing?---Mm, yes. 1

And to strongly recommend that IBM push to take on this role of doing what Mr Burns has asked them to do, to come up with ideas, and to seek a bigger role in the project, again, it's precisely what you had hoped he would be doing?---Yes.

Then there's a reference of no holy cows, if that is to be understood as the equivalent of no sacred cows or nothing is off the table, again, that is precisely what you would expect. Is that right?---Yes. 10

Thank you. If you can put that volume aside now. I will ask you to go to volume 33.

THE COMMISSIONER: Which part?

MR DOYLE: Page 424 and I'm sorry, I don't - - - 20

THE COMMISSIONER: Page 4 - - -

MR DOYLE: 24.

You were taken to this page yesterday. Do you recall? ---Yes.

And in fact you read both parts although you were only directed to the bottom one?---Yes. 30

I want to direct you to the top one. You will see there's a reference to, "We put a proposal for CorpTech last week around PMO." Do you see that?---Yes.

Now you know, don't you, that the steering committee on 1 June 2007 made a decision to explore the appointment of someone to provide assistance to the PMO?---Yes.

You know that IBM put forward a proposal for that?---Yes. 40

And that also something called SMS put forward a proposal to that?---Yes.

You may not recall this, Ms Perrott, but on the next day, that is the day after this email, IBM received an email saying that it had been unsuccessful. Does that sound about right to you, the end of June 2007?---Yes, the timing is a bit vague but I know that that was the steps of what had happened, yes. 50

All right. The precise timing probably doesn't matter but I want you to assume that on 29 June an email was sent to IBM saying what I just said?---Okay.

That it had been unsuccessful?---Yes.

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It didn't say who had been successful but we have been told that it was someone called SMS?---Yes. 1

I assume that that's a decision which wasn't made instantly, there would have been some consideration about doing that?---Yes.

Such that on 28 June it is likely, it was known, that that was what was going to happen the next day?---Yes. 10

All right. Also can I tell you that on same day, that is 29 June, an email is sent out inviting IBM and other suppliers to what became the supplier briefing on 2 July. Does that sound about right?---Yes, yes.

Again, that's a decision that wouldn't be made instantly on 29 June?---No.

It would have been anticipated beforehand?---Yes. 20

Okay. Thank you. Now, at that time, that is 28 June 2007, it is right to say your evidence is that Mr Burns had no role at all in negotiating contracts?---No - yes, that's right.

That is correct?---Yes.

No role in evaluating them?---That's right.

He had a role in liaising, if you like, with suppliers for various reasons?---Yes. 30

But he could give no guarantee about them getting anything? ---That's right.

That all he would be able to do is to receive information, encourage them to participate in what CorpTech decided were its processes?---Yes.

But say to them, "I can't guarantee a thing"?---Yes. 40

Okay. Now, in respect of that email, you expressed, I think, some concern that he, Mr Burns, had told IBM that he, Mr Burns, was frustrated at the lack of ideas from Accenture and one other company - - -

THE COMMISSIONER: SAP.

MR DOYLE: SAP, yes. 50

Do you recall that?---Yes.

Now, why is that?---Well, I guess it's potentially disclosing information or gossiping about other suppliers to a third supplier. That doesn't sit well with me.

Okay. So you rather he didn't do that?---Yes.

1

Had you given him any direction not to do that that you can recall?---No. Well, not specifically don't talk to one supplier about the other but that this was to be a fair and equitable process and all parties were to be treated equally so if one requested information, it wasn't unusual for us to give them all the same information, whether they needed it or not.

10

When did you do that, do you recall?---It would have been when we - I guess agreed on the parameters and the scope of the rebuilding, I think it was the end of May through to June.

Do you recall having a conversation with Mr Burns and telling him that? That's my question. Or a piece of paper that communicates that?---I can't recall a specific conversation where I sat down but that - again, that was the tenure and I'm sure that he would have been briefed in terms of discussing the scope of what we wanted to do.

20

All right?---Sorry, and also the Mr Ford briefing notes that we - the notes that we put together to brief Mr Ford originally was that this is what we were trying to do, that was the information given.

Okay. Now, you know then there was a supplier briefing on 2 July?---Yes.

30

Tell me if you need to look at the documents for this? ---Yes.

The next step was the suppliers come up with some proposals in the middle of July? I will ask you to assume if you can't recall it?---Yes.

Then there was an email sent out on 25 July which invites - which I think people have been calling an RFP process which invites them to put forward presentations by 7 August. Do you recall that?---Yes.

40

Now, in the course of that period, there were a lot of requests for information from the suppliers?---Yes.

And to a greater or lesser extent information provided to them by CorpTech?---Yes.

You know that not everything that was asked for was provided?---Yes.

50

In part because time didn't permit it or you weren't able to get your hands on it in time to give it?---Yes.

So there was, you know, material which at least IBM had requested which had not been provided to it before that 7 August date?---Yes.

1

Thank you. Can you go, please, not to volume 32? I'm sorry, my mistake, just give me a moment. Volume 26, please. Can you turn, please, to page 1169? You recall having a meeting, don't you, with the various people - sorry, do you have the page?---Yes.

10

You recall having a meeting on 2 August with various people that are named there?---Yes.

I think you've said you recall they made some kind of presentation?---Yes.

Was it in PowerPoint form?---I don't know whether it was on the screen but I think there was at least PowerPoint papers tabled.

20

As best you can recall, it was a document that identified some key features of the proposal that Accenture was going to make to CorpTech five days later?---As I said yesterday, I'm having trouble recalling the exact content, but - - -

Forget the exact content for the moment. They came to see various people five days before the date for the closure of the RFP?---Yes.

And they came, amongst other things, to explain to the people present their proposal?---Yes.

30

And to test some of their ideas in that proposal with the various people present?---Yes.

Doing the best you can, is your recollection that the document they had, whether it was PowerPoint form or handed out, was one which was their presentation which they talked you through?---I can't remember totally but it's highly probable given the timing and given the people who were the invitees, it was something that may have looked like or being certainly testing out ideas around their proposal.

40

Mr Salouk's note tells us that the objective at least was ideally to test one or two key ideas, and it's your recollection that's certainly what they did?---Yes.

By which we should understand they talked about what their proposal was or was going to be - - -?---Yes.

50

- - - and asked for input as to whether that was acceptable?---Yes.

Whether that was what you were looking for?---Yes.

Or whether you identified any defects in it or could suggest some alteration, is that - - -?---Yes. 1

That's your recollection of the arrangement?---Sorry, if I look at the proposed topics in this email I guess it links to - in this document, rather - to what the content of the meeting was about.

And does that help you - - -?---Yes. 10

- - - recollect they were going through a presentation and seeking our feedback about whether it met your objectives - - -?---Yes.

- - - and, if not, how it could be improved to meet your objectives?---Yes, in a broad sense.

Yes, I understand. Now, I will ask you to go to volume 32 now, please. Turn to item 30, and I'll just take you through a few things some of what I'm going to ask in context, if I may. If you go to page 3, at the bottom of the page you'll see an email to Terry which - it's probably easier if you just read it?---Yes. 20

Now, that's an email of 20 July, but it would be right to assume wouldn't it, Ms Perrott, even though the email which is the RFP went out on 25 July it too was a document that was anticipated, that is, the parties would have realised consequent upon the earlier RFIs (indistinct) there would be something coming?---Yes. 30

Indeed, it may well have been that the 25 July email had been drafted some days earlier so that Mr Burns at least would know that it was going to come out in the form that it came out?Sorry, that was going to be? The RFP?

The 25 July email which went out on that date had, itself, been shown to you before hand for your approval - - -? ---Yes. 40

- - - and probable shown to some other people - - -?---Yes.

- - - and that would have been a week or so before it actually went out?---Yes, or some time.

Some time?---Yes.

So within a week at least?---Yes.

All right. And you see that by this email in part what's proposed is, "To send a draft agenda for discussion as well as a list of questions that will help us direct our proposal to you." You would have anticipated suppliers making - seeking to make arrangements to meet with Mr Burns and perhaps other - - -?---Yes. 50

- - - "with a list of questions that will help us direct our proposal to CorpTech"?---Yes. **1**

Thank you. Now, you'll see at the top of the page Mr Burns asks, amongst other things for a draft agenda?---This is the top of page 4?

No, I'm sorry, the top of page 3?---Three?

Working backwards in the sequence. You see he says, "We'll just need to see a draft agenda"?---Yes. **10**

Amongst other things. And if you turn back to page 2, there's an email of 24 July, the RE Accenture proposal. Can I trouble you to read the whole of it just to yourself? ---Yes.

Again, it records at least there was a meeting with Mr Burns that day and then sets out a program for three other types of meetings?---Yes. **20**

And the first of them is a two hour key issues meeting, which, just reading it, seems to be the one that ultimately you were - - -?---Yes.

- - - involved on 2 August. Is that as we should - - -? ---The one with Mr Bradley?

Yes, and others?---Yes.

And it's described here at least as being, "A key issues meeting. We prefer to" it's hard to read "keep the audience small"?---Yes. **30**

And then you'll see further down it says, "Prior to 1 August, we will be conducting all meetings with SDA members," and so on?---Yes.

Now, you would have expected Mr Burns to have been involved in dealings with suppliers to arrange meetings of this kind?---Yes. **40**

And you would have expected the suppliers to be seeking from him to have meetings with - perhaps one-on-one meetings - with SDA members if they needed?---Yes.

And to seek to have meetings with you or others prior to the final presentation on 7 August for the purposes of testing some ideas?---Yes. **50**

Going through their proposals and see if they are meeting the objectives of CorpTech?---Yes, and a key communiqué at the beginning of the process that we would make ourselves as available as possible to assist them with information that would help with their proposals.

1

Right. And that information - what this email, I might suggest to you, is doing, is identifying that information is going to take two forms. One is the one on one meetings with SDA members?---Yes.

10

And you have no trouble with that at all?---No.

And the second is a meeting at which the proposal can be presented to the executive, a small audience?---Yes.

To see if it's meeting the objectives that audience wants it to meet?---Yes.

And to approve the proposal ahead of the final presentation if that's required?---Yes.

20

To treat, in a sense, to speak to the client, ultimately, and seek it as a sounding board for how the proposal can be improved?---Yes.

If at all. Thank you. Now, in terms of your notion of - I think you used the expression "level playing field", but I don't want to get stuck on cliché?---Yep.

30

You wouldn't expect that what was exchanged between you and Mr Bradley, and so on, and the Accenture people at the meeting on 7 August would be disclosed to SAP or to IBM, or to Logica, or others. Would you?---I wouldn't have expected that to happen.

So that the notion of everyone having the same information does not extend to CorpTech ensuring that whatever tenderers might say in these earlier presentations ahead of the final presentation would be revealed to the other tenderers?---No. It's not about disclosing information amongst tenderers.

40

Thank you. And I've taken you through that particular array with respect to Accenture. It would be your expectation that other suppliers either did or could have had similar presentations ahead of their final presentation?---Yes.

Thank you. You can put that aside now, thanks. Would you go now to exhibit 32?---Sorry, 34?

50

32. It would have to be shown to you, I think. Now, I want you to go to page 2 of it, please?---Yes.

You should have - sorry?---Mm'hm.

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You should have an email that has Simon at the very bottom, if we're looking at the same thing?---Yes. 1

Right. Now, you were asked yesterday whether it concerns you that an email containing the type of information this contains, which is a note of Accenture's meeting with the under-treasurer and yourself, finds its way into IBM, and you said, "Yes," it did. Do you recall that?---Yes.

Now, I want to just take you through some aspects of that. You know this is not, of course, a CorpTech email?---Yes. 10

You know it to be an Accenture email?---Yes.

And I want you to assume that it is likely it was forwarded to SAP?---Yes.

And assume that it was passed by SAP or by someone else to who it was sent onto IBM. Okay?---Yes. 20

So that Ms Perrott - Accenture, for whatever motivation it may have had, has, it seems, chosen to reveal the information in this email to at least SAP?---Yes.

You understand that, don't you?---Yes.

That's entirely a matter for it, isn't it?---Sorry, entirely?

It's entirely a matter for it?---Yes. 30

You may not like the idea but it's of no concern to CorpTech if that occurs?---No.

Similarly, if SAP chooses to pass it on to IBM, that's a matter for it?---Yes.

And of no concern to CorpTech?---Yes.

No, it may be a - well, all right, thank you. And as far as IBM is concerned, help me with this, please, it is no part of any protocols that you established for the RFP to prevent it receiving from SAP or anyone else information which Accenture chooses to reveal to SAP and someone else? ---That's right. 40

It would, however, be a concern to you if two potential suppliers shared information and it was not provided to the other suppliers. Let me put it differently. It would be a concern to you if one of those suppliers was asked to approach you as a senior member of the industry to try to find out from you what the government's appetite for price was in order to influence - sorry, in order to pass that information on to one of the tenderers?---That point would have been a concern, yes. 50

Right. That would not be a level playing field, as you would describe it?---That's right. 1

That would, you would think, be distortion of the protocol, if there was any, that applied to the RFP?---Yes.

That would be a most serious departure from the integrity of the program, at least as concerns the senior practitioner who approached you and the company on whose behalf he approached you?---It would have been a concern. Why I'm hesitating, I guess, is I'm not sure how I control the behaviour of members of the private companies. 10

I suppose what I put to you is - take this hypothesis? ---Mm.

If person A came to speak to you as if he were an amicus, a friend, and was able to persuade you to reveal the government's appetite for price. Now, you may not ever have done that, but if he was able to do that and unknown to you was to pass that on to a tenderer, only one of the tenderers, that would compromise the process, wouldn't it? ---Yes. 20

And the attempt to do so, if it was attempted, you would see as a serious lack of faith?---Mm.

Okay. That'll do?---Yes.

Thank you. Now, would you turn next to sheet 4 of exhibit 32. I want to ask you a few things about - I know you've only see this recently, that is preparation for giving your evidence?---Yes. 30

Before seeing that document, could you recall what Accenture's score was at the RFP process?---Not at this point, I can't.

Thank you?---But within the realms of what's there, but I guess I haven't got that level of detail in my head. 40

That's okay. Now, this email is dated 22 August. I want you to assume that on 20 August, that is two days earlier, a notification was sent out to the suppliers which said, in effect, the process is finished, the highest two rated were Accenture and Logica?---Yes.

Do you remember - - -

COMMISSIONER: IBM. 50

MR DOYLE: Oh, what did I - - -

COMMISSIONER: You said Logica?---Yes.

MR DOYLE: There's no confidential information there; that's a mistake. The highest two rated were Accenture and IBM?---Yes, and I seen that email recently.

1

Thank you. So you had no trouble with telling all of the suppliers who the top two were?---Mm.

And I think you told us yesterday you had no real trouble telling IBM that it came second?---That's right.

10

All right. And it follows that you have no real trouble - - -?---Sorry, that I had no real trouble telling - - -

You would have no trouble telling IBM that it had come second and Accenture had come first?---The - not necessarily their score but their ranking.

Yes?---Yes.

20

1 and 2?---Yes.

In that order?---Yes.

Okay. Thank you. Now, in respect of the reference to the offshore element, do you see that - - -?---Yes.

- - - in dot point number 3 - I'll come back to it later on, but you had an involvement, did you, in the drafting of the ITO?---Yes.

30

And would you agree with the summary that what it does is provide a great deal of information to the tenderers? ---Yes.

And is descriptive as to the form in which the response is to be given?---Yes.

It prescribes the form which the prices are to be quoted? ---Yes.

40

Fixed for various phases and best estimates for others? ---Yes.

50

60

And it is descriptive as to the questions which need to be answered?---Yes. 1

It asked a series of questions which were defined by CorpTech with its advisors?---Yes.

And you would have asked anything you like?---Yes.

And you could have asked for the identification of the offshore component of work - - -?---Yes. 10

- - - and you didn't. Is that so, is it? You have got to answer audibly?---Yes.

Thank you?---Sorry.

All right. Even then there was a process, which we will come to, of asking for clarification of things and for that being provided in the course of the evaluation of the ITO? ---Yes. 20

Where the team could have informed yourself of any relevant matter that it wanted to?---Yes.

Yes?---Yes.

Thank you. Looking at this enough though is it right to say the concern, if any that you have, is that it suggests there has been a leak of information within CorpTech? ---Yes. 30

Thank you?---Well - yes, that information had been given not so much about the content about the information but it had been given through inappropriate channels.

Thank you for that. It's not so much the subject matter of these things but that apparently information was being released - I won't use the word released, other than through what you would see as your authorized channel - - -?---Yes. 40

- - - from within CorpTech - evidently from within CorpTech?---Yes.

And that had been a concern of yours for a very long time?---Well, since my appointment which was - my starting at CorpTech which was early June, yes.

Okay. Perhaps not such a long time?--- Mm. 50

Yesterday you said this: I guess in the IT industry one of my concerns was that our employees probably had more skillful ways of searching databases than perhaps the rest and so on - - -?---Yes.

- - - which I won't bother repeating, and that concern was in part because all of your employees had access to the LAN in CorpTech?---Yes.

1

And on the LAN was a great deal of information, including information arising from the RFI, the supplier briefing arrangements that started in July?---Yes.

And from the RFP?---Yes.

10

Thank you?---And it was at that point, I guess, that we started - we were particularly concerned around the security around the network, yes.

That point being sometime in late August, is it?---It would have been earlier than that, yes.

I want to show you a couple of documents if I can to see if I can refresh your memory. You will need volume 33 and volume 6?---33 and 6.

20

Correct. I might start with 6 if I can, please. Would you go, please, to page 250?---Yes.

You have there a letter of 22 October. Right?---Yes.

Which actually concerns an event that occurred on 18 October which I don't want to ask you about immediately, but in the first paragraph you will see that in the fourth line, the author says, "After we initially raised our concerns over document security with you on 23 August and again in subsequent weeks via voicemail, we understood arrangements were made to ensure" - et cetera?---Yes.

30

Now, do you recall Accenture having approached you on 23 August and again in subsequent weeks via voicemail expressing a concern about the security of documents at CorpTech?---There was an incident where - that involved Accenture and a document so it may have - I'm not sure of the timing but that may have been what was being referred to there.

40

Can I test it this way?---Yes.

There was an incident where a subcontractor from Accenture had obtained access to some IBM material?---Yes.

Is that what you have in mind?---Yes.

Okay. I want you to assume that that in fact much later, that's in October?---October, okay.

50

And that's in fact what this letter is about?---Okay.

All right. If it helps. People have described the subcontractor as an Italian?---Yes.

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Who left shortly after?---Yes. 1

So that's the incident that you're recalling?---That's the incident.

I'm actually asking you about something that occurred some two months before that?---Okay.

Do you recall receiving a complaint from Accenture along the lines that there was some concern about document security at CorpTech?---Yes. I can't remember the specific incident but I know that I was also concerned about security, document security so - I just can't remember this specific complaint that is being talked about here. 10

Do you recall then receiving subsequent voicemail, reminders in a sense, of that complaint or reaffirmation of it?---I can't recall it at this point.

All right. Now if you would go to volume 33, please, at page 36?---Page - - - 20

36.

THE COMMISSIONER: Sorry, which volume?

MR DOYLE: 33-1, it will be, I expect?---Sorry, could I have 36?

36. Mr Flanagan, I think, asked you about this yesterday. You will see it is an email from Mr Burns to you. Read it, please. Read it to yourself?---Yes. 30

So you can at least recall that IBM had made some similar complaint, if you like, a complaint about the security of CorpTech documentation?---Yes.

Particularly concerned expressed about the RFI evaluation matrix being accessible?---Yes. 40

And expressing a concern about other documents on the CorpTech LAN being too readily accessible?---Yes.

It's your recollection that you sent out the email which is - either that one or something very close to that at the bottom?---And it may not have been an email, I had thought later yesterday it may have been a letter in a hard copy form.

But you can recall doing something about it?---Yes. 50

What you recall doing something about it is sending a notice to the vendors, the suppliers?---Yes.

All right. I want to ask you some slightly different things so that you know from your own experience from a

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complaint that Accenture had made and a complaint that IBM had made that you can recall that there was expressed concern about the security about the LAN - the access of the LAN documents?---Yes. **1**

Did you attempt to determine whether that was true, that is whether those documents were accessible on the LAN?---Yes.

Did you have one of your staff go and remove them or to - - -?---Tighten. **10**

- - - security code them in some way?---Yes.

So they were no longer accessible?---Yes. Whether it be that particular document, we put in place a process of securing or locking down all documentation and giving relevant access rights as perhaps a normal organisation would do.

Is it your recollection that that was done some time in late August?---I can't remember the timing but that was the process that we were going through. **20**

All right. Now, one aspect of your concern was that within CorpTech sitting at adjoining desks, if you like, would be someone who was a public servant and then someone who would be an Accenture employee and someone who would be a Logica employee and so on?---Yes.

I think you described some of the non-CorpTech employees yesterday as if they had become in effect de facto employees, they thought themselves as being CorpTech? ---Yes. **30**

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And that was a common thing, I take it?---Yes, and it was due to the fact that people had worked in the organisation for a number of years and the boundaries became blurred.

1

There was a culture, if you like that everyone was working towards the one common good?---Yes.

That information was to be shared freely between them - - -?---Yes.

10

- - - to achieve that one common good, and they became a bit too familiar with doing so?---Yes.

Is that as you would appreciate it?---Yes.

And that is something that built up over some years within CorpTech and which you hadn't at least overcome by the end of August?---Yes.

Thank you. Now, when you received the complaints that we just looked at that two suppliers were aware of, if you like, and material being freely available, that can only be by them being told it by people within CorpTech somehow? ---Yes.

20

Or rumour spreading throughout the marketplace, as we've heard it called?---Yes.

And that too is a common feature, if you like, of the way in which CorpTech was structured, that people would talk outside of - the public servants wouldn't just talk to themselves, they'd talk to the Accenture employees and so on?---Yes.

30

About perhaps things that you might think they shouldn't be talking about?---Yes.

And would no doubt tell them that, "We can access everything on the LAN," or perhaps tell them that, "Accenture scored 76 per cent," those sorts of things? ---Some of the people, I mean, there's layers of information flow and knowledge, the concerning thing probably was more that people could access information that perhaps in the normal course of events they wouldn't have access to or have the rights to access to.

40

Okay. Now, did you seek legal advice about it? I put that badly. You know that at least two of the suppliers know or believe that sensitive documents can be accessed on the LAN?---Yes.

50

Accenture has said so and IBM has said so?---Yes.

There's no reason to suppose all the other suppliers wouldn't be similarly informed. Are you agreeing with me? ---Yes.

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Did you seek legal advice about what to do about that?---I don't know that I personally did. With this whole issue of security, I would have given that job to my director of corporate services, Ms Dalton, to I guess work up a project to actually put in place solutions. I can't recall me personally seeking legal advice, but I can't say that didn't happen from within CorpTech.

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Okay. But you do recall doing something?---Yes.

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Is it right that you would accept whatever you did was not fool proof because the Italian subcontractor's access in October?---Yes.

And did you ultimately determine how it is he got access, how that happened?---Yes.

And how was that?---I can't remember, but I know that we dealt with that immediately and put in place solutions but I can't sit here today and tell you what those solutions were other than I was aware that Accenture took action in terms of removing him, and he subsequently went back to his country.

20

Whatever you did in October then was some additional solution to what you've done in late August?---Yes.

All right. Thanks. Now, for that period, that is, August, September, October, the period I'm concerned with now - - -?---Yes.

30

- - - you are in charge at CorpTech. Is that - - -?---Yes.

- - - the right way to describe it? You decided after the RFP, and I don't mean you did this on your own, I'll come back to who you discussed with, you decided to hold a fresh and separate ITO process?---Yes.

And you did take legal advice about that, didn't you? ---Yes.

40

And the legal advice that you took was that there should be a new process. Yes?---Yes.

Which would be designed in such a way to achieve a level playing field?---Yes.

Which would have imposed upon it protocols to ensure that all of the suppliers were given all the relevant information - - -?---Yes.

50

- - - that if any of them asked for more information a process would be such that it would be provided to all of them?---Yes.

So that this new ITO process would be really a separate self contained and controlled process for the selection of the successful tenderer?---Yes.

1

That was, would it be fair to say, a decision that you felt comfortable with in that it was a detailed separate and well-designed new tender system?---Yes.

It was something you were more used to within government than the early RFP?---Yes.

10

COMMISSIONER: Who drafted that RFP, that short one page email? It's the 5 July one?---I think - - -

Is that Mr Burns' work, or don't you know?---I would have been - I have seen the email in the course of putting together the evidence, and if it wasn't Mr Burns it would have been Dianne.

McMillan?---It would have been either her or Ms Blakeney, I can't remember the timing, but both of them were working with Mr Burns during the period of it, so if he didn't do it himself I would imagine it would have been one of his team members that did it.

20

Thank you.

MR DOYLE: Just on that, I mean it was drafted by him but you undoubtedly saw it before it went out?---I can't remember seeing it.

30

Is your recollection that you didn't approve it before it went out?---Yes.

Having seen I now, it initiates a very informal process?---Yes.

It contains no scoping, that is, it doesn't define the scope of the works?---Yes.

40

It doesn't provide to the tenderers information?---Yes.

Much information?---Yes.

It has no defined protocols?---Yes.

It doesn't identify or describe the form in which the response is to be given?---Yes.

It is, you'd accept, informal?---Yes.

50

And it is a stark contrast to the different arrangements that you superintended - - -?---Yes.

- - - under the ITO in September, and you did that with a view to ensuring that this was to be whole new process which was supposedly governed and controlled - - -?---Yes.

1

- - - where you would ensure that it would lead to at least a fair outcome on the system?---Yes.

Thank you. Just with respect to that, I've touched on this before, but someone was in CorpTech, or some people in CorpTech, were responsible for the drafting of the ITO? ---Yes.

10

And drafting the various questions that were to be posed for the tenderers to respond to?---Yes.

Because it was those things that were identified as being the relevant information of which to know?---Yes.

And they were also responsible for identifying the price schedule template, if you like?---Yes.

20

Identifying the various stages to be performed?---Yes.

Because those two, or the breakup of those, was something that people within CorpTech had identified as the relevant material CorpTech wanted to know?---Yes.

And the decision to identify, part of them was fixed price and part as best estimates was, again, done because that's what people within CorpTech determined that was the relevant material they wanted to know?---Yes.

30

You chose not to ask for a not to exceed price because you determined that was not something that CorpTech wanted to know?---Yes.

I mean, we can ask this of everything, but the ITO was designed to do two things: to prescribe the form in which the response had to be given because that is the material that CorpTech had determined it wanted to know?---Yes.

40

You know that there was a regime for the making of requests for information - - -?---Yes.

- - - and its provision?---Yes.

Before the ITO responses were submitted, requests could be made by the tenderers?---Sorry, could you repeat that one?

Before the ITO goes out on middle of September, it was originally closed very soon but it was extended to 8 October?---Yes.

50

In that period between issue of tender and response, there was a system by which IBM, if it wanted to, could ask CorpTech for information?---Yes.

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And it was meant to go through Maree Blakeney?---Yes. 1

And only through her?---Yes.

And that was one of the controls that you put in place?
---Yes.

And the reason you did that, can I suggest, was a couple of things: one is because she would then be tasked with sending the request to the person who was best positioned to answer it?---Yes. 10

And secondly, to ensure that the response, when it was sent, would be sent to all of the tenderers?---Yes.

And after the - - -?---And thirdly, I guess, that it was - which probably is wrapped up - that it was controlling the question and answer period, if you like, so that there weren't documents lying all around CorpTech or individuals being approached. 20

All right. So within CorpTech, it was a means of ensuring some sort of order that things were being dealt with - - -?
---Yes.

- - - properly and only through the channels in order that everyone was given the same information?---Yes.

You also had - if you look at the evaluation report, we see the various teams that were established?---Yes. 30

Were you responsible for the formulation of those teams?
---Yes, I would have approved the formulation and my memory was that it was - I approved the team leads and then the team leads formed the evaluation panel, and we then discussed who were the best people to put on to each of the teams.

Just the composition - that is, the fact that there were so many teams, did that reflect the various different disciplines that had been identified as necessary to undertake an assessment of what CorpTech was asking these suppliers to tender upon?---Yes. 40

And within the teams, I gather, you would have attempted to identify the team leader as someone with experience and expertise - - -?---Yes.

- - - to carry out the evaluation of that particular task?
---Yes. 50

So, for example, Mr Darrin Bond was in the technology, I think it's called - - -?---Yes.

- - - team, because he'd been responsible for the technology aspect of the SSI for some years?---Yes.

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And he was a man who you had confidence had the expertise to undertake that evaluation?---And the knowledge, yes. 1

All right. And are all of the team leaders drawn from the public service?---Yes.

In fact, are all the teams, with the exception of the Mallesons person, drawn from a public service?---Could I just refer to - - -

Yes. 10

COMMISSIONER: Yes?---Yes.

MR DOYLE: Now, I probably should ask you just to look at technology. Where are you looking, by the way?---I'm looking at the list of - on the evaluation report, the list of people who were on the teams.

Right. You'll see against technology, there's something called solution, architecture advisors?---Yes, and I just note partly why I turned back there, because I wasn't sure whether they were nominated in the - yes, I'm sorry, those two were from Unisys, the solution, they were in the advisor list. 20

Thank you?---Yep.

So there are teams, all of which the members of which are public servants?---Yes. 30

But for the particular specialist technology team, someone is identified as a consultant solution architecture - - -? ---Advisor, yes.

- - - advisor. Right?---Yes.

And the reason for that, can you help us, was in case the technology team needed some additional expert advice to undertake that task?---Yes. 40

Thank you. And was the notion of having - with that exception, then the notion of having only public servants within the evaluation team, one of the controls you saw as appropriate to this new separate ITO rank?---Yes.

Thank you. And to the best of your knowledge, would you say that the process was run effectively and efficiently with your knowledge back in 2007?---Yes. 50

Now, there were two episodes where there was departure from some protocol, can I suggest to you. One is the Italian subcontractor - - -?---Yes.

- - - we've talked about?---Mm'hm.

And that was dealt with to your satisfaction?---Yes. **1**

And you didn't see that as affecting the integrity of your system, of your process?---Process, no. And if I can recall, I'm not sure whether it's that letter we sought agreement from Accenture that didn't - that information didn't compromise the process as well. Yep.

The timing is such that it occurred after the responses were in?---Okay. **10**

Can I suggest to you, sorry?---Yep.

Anyway, it was dealt with to your satisfaction - - -?
---Yes.

- - - that your process was - its integrity was not affected?---Yes.

And there's one other one I want to just put to you, that one of the - the ITO said that any communication was to be through Maree Blakeney?---Yes. **20**

You know that - or do you know that on - within a day or so of the ITO being released, an IBM person sent an email to Mr Shah, I think I'm right to say, asking for some information, which was not in accordance with that regime?
---Mm.

And very quickly he was told, "Don't do that; you've got to communicate with Maree Blakeney"?---Yes. **30**

And that's exactly as you'd expect - - -?---Yes.

- - - the process to operate?---Yes.

Thank you. Now, can I just ask you some things about the evaluation. You were asked by my learned friend, Mr Flanagan, as to your appreciation of the change between the earlier IBM August presentation figure or range of figures and the figure the subject of the ITO. Do you recall that?---Yes. **40**

And is it your recollection that's something that you had in your mind during the evaluation process?---Sorry?

Let's not be coy; the earlier presentations gave a range of 156 million to 190 million?---Yes.

Do you recall that?---Yes. **50**

Okay. And the ITO response from IBM, let me assume, gave a figure which you could calculate at 100 million, 98 million?---Yes.

Is that difference something that you had in your mind in the course of the evaluation process?---It's a difference that came up when we were evaluating the price, so in conversations or in formal meetings with the evaluation team that was looking at the price, that was something that came up.

1

Okay. You can recall that?---Yes.

So is it your recollection that was something that was considered and discussed, and for whatever good or bad, taken into account in the process?---Yes.

10

Thank you. Next, I do want you to go back to the evaluation report, which you have?---Yes.

If you would turn - this is in volume 22. If you turn to page 3 of the report?---Yes.

I'm working off not a bound volume, so 3 of the report itself rather than the - - -?---Yes.

20

You'll see there's a heading "Evaluation Criteria"?---Yes.

And a reference to an appendix which describes them?---Yes.

Those were criteria which were set by CorpTech?---Yes.

And were you involved in that?---Yes.

30

Along with, I assume, other people?---The evaluation team, we would have put those, so that is me - the evaluation team was me and the heads of each of the content teams.

Right. So you got together and worked out in caucus, really, what the relevant criteria were to be and how they were to be applied?---Yes.

Thank you. And then there's a heading "Evaluation Process". I don't want to ask you anything except that this describes broadly the process which was in fact followed, was it?---Yes.

40

Then we've been to the panel before. Would you turn across then to page 7 of 14, the evaluation model?---Yes.

And what it identifies is that the final requirements weightings were determined by the evaluation team, the following sets of the evaluation criteria and weightings to be used et cetera. It sets out what the criteria were and their weightings?---Yes.

50

And again, these are things which were set in advance by the evaluation teams in caucus with you?---Yes.

Both the criteria and the weightings?---Yes.

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And then we have after that a heading Cost Analysis, which sets out a formula - - -?---Yes. **1**

- - - which is designed to identify the cost benefit as being weighted score against total cost?---Yes.

And that's in fact the formula which was applied for the determination that IBM was the preferred tenderer?---Yes.

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And if we turn the page, we see that, don't we, there's the weighted scores which are identified from the scores which the team members have undertaken?---Yes.

1

Identified against the criteria, the panel identified with the weightings that are attributable to those criteria?
---Yes.

Which give the scores identified in the little tables in the middle of the page?---Yes.

10

And then the application of the maths requires identification of the IBM cost and the Accenture cost?
---Yes.

And the application of the formula gives the cost benefit?
---Yes.

I thought my learned friend asked you something to this effect: did the fact that the IBM was within the existing budget impact upon the evaluation? That's the topic I'll ask you to address anyway?---Yes.

20

It's the case, isn't it, that the fact that it was within or outside the budget was irrelevant to the evaluation?
---Yes.

What is relevant to the evaluation apart from the scoring by the team members is the size of the cost?

30

COMMISSIONER: The size of - - -

MR DOYLE: The cost, the assessed cost?---Yes, the amount of money that was left, that thinking was excluded from the actual decision, the recommendation of the evaluation committee.

Thank you. The identification of IBM is one which does not factor as a criteria or in the formula the question, "How much has the government got to pay"?---That's right.

40

Thank you. Now, you were also asked about Workbrain, and would you accept this: it was undoubtedly the subject of thorough investigation in the course of the evaluation?
---Yes, thorough consideration or evaluation.

I'm going to come back to some detail of this. That is the question of whether it could do the job and how well it could do the job, or something which people had some reservations about?---Yes.

50

And which they set about to satisfy themselves it could do?
---Yes.

As best as you can tell, they were able to satisfy themselves to the point of being prepared to score IBM,

whatever scores they gave it, with the expectation that the testing of Workbrain would be dealt with by some contractual mechanism?---Yes, so that was, I guess, the level of confidence from the evaluation team that we would be able to get a positive outcome through the contract.

1

It's been suggested to you it was unproven, and I want to come back to that, but can I first deal with its competitor, if you like, that is, the use of SAP - - -?
---Yes.

10

- - - to do awards interpretation. You would accept that the only experience at the time of the ITO with the use of SAP for awards interpretation had been at Housing?---With the new system - with the new version of the SAP system, there were other agencies on SAP HR within government, but with this version.

Okay, as part of the SSI program - - -?---Yes.

20

- - - the only SAP developed HR that had been rolled out had been to Housing?---Yes.

And it had been used for awards interpretation?---Yes.

Housing had, at least, a very small payroll, about 1500 people?---Yes.

And about four awards?---Yes.

30

The process of using SAP for awards interpretation had been proved, in practice, unworkable. Would that be right?---Slow. I'm not sure how you define "unworkable", but it was slow and costly to actually configure the awards into SAP.

Very good. So people would have known within the evaluation team that if moved to a bigger payroll and more complex awards it would be slower and even more costly?
---Yes.

40

So that it was demonstrated to be, really, likely to be an inefficient means of proceeding?---Yes, for a department the size of Health if we scale it to that size.

Or Education or some other large departments?---Yes.

Thank you. Just with respect to Workbrain, you know, you don't, that it was part of the best of breed, the way it's described, systems that was being used within the SSI program?---Yes, in 2005.

50

And it was to be used - can you tell us, please, what was contemplated for its use in 2005?---My understanding that in 2005 there was a consortium or a selection of Saba,

Workbrain and Recruit ASP to be additional technologies that would be use in conjunction with SAP for - and specifically Workbrain - for rostering. 1

Tell me if this is outside your field. For its use in that way, you would know it would need to be able to integrate with SAP, to communicate information to SAP?---I'm not a technologist, but as a practitioner I understand that to be the case, yes. 10

And Mr Bond undoubtedly would have known - - -?---How to make it work.

- - - that it needed to be able to integrate with SAP all the time?---Yes.

And the decision about that had been made in 2005?---Yes.

And there was a proposal in early 2007 for IBM to be awarded the role of building and rolling out Workbrain throughout the whole of the departments?---Yes. 20

And that was before your time?---Yes.

When you started at CorpTech read into what those arrangements were?---So this was the proposal in April 2007?

Yes?---Yes, I wasn't briefed on the specifics on that when I first started in CorpTech in June. 30

You know Mr Bond had been involved in that?---Well, I do now, I didn't back then, yes.

As at the time of your evaluation of the ITO, did you know - - -?---Yes.

- - - that he had been involved in something in April at least concerned with the possibilities of Workbrain?---Yes. 40

And he told you about his knowledge of that?---Yes.

And in the course of that told you it would integrate with SAP?---I knew - I can't honestly remember that Mr Bond talked to me about that last issue, yes.

Okay. In the course of the evaluation, you know that referees were sought for the use of Workbrain?---Yes.

You can recall that at least one, perhaps two of them were contacted?---Yes. 50

And you can recall that one of those which was contacted was using Workbrain for awards interpretation but with an Oracle system - - -?---Yes.

- - - not SAP? And that was discussed with whatever information was sought was given?---Yes. 1

You know that another of them was contacted, Pacific National?---I can't remember who.

It doesn't matter. And you recall, don't you, that they too were using Workbrain for awards interpretation but with another operating system?---Yes. 10

Again, whatever information sought of them was given?---Yes.

And you know as well that CorpTech had an arrangement with an organisation called Gartner?---Yes.

You recall a call between CorpTech and Gartner?---Yes.

In the course of this evaluation process - - -?---Yes. 20

- - - to discuss with them the use of Workbrain for awards interpretation?---Yes.

And for their knowledge of its suitability for that?---I recall that Gartner was contacted and it was about their opinion on the possibility of using Workbrain in the form that we did with SAP.

And your recollection is the response was positive?---Yes. 30

And you were sent, I suppose you can recall, material about the use of Workbrain, written material, I mean?---Yes, I probably wasn't sent but certainly the relevant people on the evaluation, people like Mr Bond or Mr Hood would have been assessing that sort of information.

I'll just test your memory. Can you recall that there were requests for clarification sent out by CorpTech to IBM about Workbrain?---Yes. 40

And that written responses were provided?---Yes.

And they would have been sent to the appropriate teams, including Mr Bond's team?---Yes.

All right. So at the end of that process, and tell me if you're not involved in this, but at the end of the process you believed there was a reasonable ground for recommending proceeding with Workbrain?---I thought that during that - I thought it was prior to the ITO that we had a presentation from IBM and another customer about the use of Workbrain, but it wasn't a working solution it was more an in development, but I can't - - - 50

Right. So was it - - -?---But I can't - - - 1
- - - in addition to the references that we talked about?
---Mm.

Contact with someone who was developing - was it a retailer that you can recall?---I think so.

Right. That'll do. Now, thank you, so that would this be right: whilst it's referred to as unproven, what is - what 10
was yet to be determined was its capacity to deal with the size of the awards interpretation demanded of it by something the size of Queensland Health?---Well, I guess there were two issues that we were investigating: one was would it work and would it integrate; and the other was would it scale.

Right. Thank you?---Yes.

So there were two questions: would it work in the sense of 20
integrated with SAP - - -?---Yes.

- - - and then would it be scaleable to a bigger organisation?---Yes.

All right. Thanks. And those two things were in the forefront of the minds of the teams?---Yes.

And they made such investigations as they thought 30
appropriate?---Yes.

Thank you. Just one other thing. Would you go to your first statement, please, paragraph 55? I just want you to read the first sentence, please?---Yes.

So that am I understanding it correctly, in April 08, a decision was made to move to a multiple instance approach rather than a single instance approach?---Yes.

And was that then - that directive given and carried into 40
effect?---Yes.

Thank you. I have nothing further.

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: May Ms Perrott be excused?

COMMISSIONER: Ms Perrott, thank you very much for your 50
assistance, you are free to go?---Thank you.

WITNESS WITHDREW

MR FLANAGAN: I call Gerard Bradley.

COMMISSIONER: Come forward, please. Would you stand up, please, and take the oath? 1

BRADLEY, GERARD PATRICK sworn:

MR FLANAGAN: Would you give your full name to the inquiry, please?---My name is Gerard Patrick Bradley.

And, Mr Bradley, you were the under-treasurer for the state of Queensland between 1998 and May 2012?---That's correct, yes. 10

And between - you had also spent time in that same position between 1995 and 1998?---Between 95 and 96; between 96 and 98, I was in South Australia.

And you were the under-treasurer for the state of South Australia when you were in South Australia?---That's correct, yes. 20

Thank you. And so have you provided a statement to this inquiry of 22 pages in length?---Yes, I believe so. 20

Would you look at this document, please. It's a 22-page statement dated 1 March 2013?---Yes.

And are the contents of that statement true and correct to the best of your knowledge and belief?---The contents were true and correct at the time I made that statement. There's details that have come forward subsequently that would cause me to question the accuracy of some issues, which I'm happy to explain. 30

Would you like to address that now, please?---Yes. I made statements in here about the timing of certain meetings, particularly with Accenture, I think. It had been put to me that certain meetings have occurred in July; I now understand that they actually occurred - the meetings that were being referred to were in fact in August, and I now agree that I would have attended that relevant meeting. That's an example. There's a couple of issues like that. 40

Thank you. I tender Mr Bradley's statement.

COMMISSIONER: Yes. Mr Bradley's statement is exhibit 54.

ADMITTED AND MARKED: "EXHIBIT 54"

COMMISSIONER: There's a one paragraph statement as well. Is that to be dealt with separately? 50

MR FLANAGAN: Yes. I'll show you this one page - I think you've got it there?---Yes.

Again, is that a statement you made on 5 March 2013?---Yes. Again, I would concede that I referred in that small note

to a meeting with Mr Bond; I'm now aware that perhaps the timing that I referred to there is maybe possibly incorrect. I think Mr Bond, his statement referred to one occurring at a different - in June. I was aware that I had a one-on-one meeting with Mr Bond. I may be incorrect about my timing at the time I made that statement.

1

All right. And that's referred to in paragraph 121 and 122 of your main statement?---I think those two paragraphs relate to a meeting that Mr Bond had with Barbara Perrott. I was referring to a meeting that he had with me where I recall that he had a meeting with me and I wasn't referring to that particular - I was referring to those revelations that were put to me at my interview. I wasn't aware of those revelations but I just wanted for the record to make the point that I had met personally with Mr Bond separately, not about those issues but about his concerns more generally about the Shared Service Initiative.

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When you say here in paragraph 1 of your addendum statement:

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While I do not recall the events referred to in paragraphs 120, 122 of my statement dated 1 March 2013, I do have some recollection that on one occasion during the evaluation process Darrin Bond sought my advice as to what approach he should take in his assessment. I advised him that he should do his assessment correctly as he saw it, which is what I understood he did.

30

Now, is that a reference to the evaluation of the ITO or is it a reference to the evaluation of the RFP?---It would have been the ITO. Again, I must apologise, I think I felt rushed in doing my statement on the - my first statement, and I was uneasy about the points that had been put to me about Mr Bond and I was aware that I had met with him, and I recall the end of the process he had - I confirmed with him he was comfortable with the outcome and I was seeking to capture that in that one paragraph, but I may have been incorrect about the timing of when I met with Mr Bond, but certainly - so I apologise if my statement is not correct.

40

Thank you. I tender the addendum statement of Mr Bradley.

COMMISSIONER: Yes. Well, I'll make Mr Bradley's statement exhibit 54A and the addendum statement 54B.

ADMITTED AND MARKED: "EXHIBIT 54A"

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ADMITTED AND MARKED: "EXHIBIT 54B"

MR FLANAGAN: We may come back to it but while we're on it, can you just give the commission now your best recollection of your conversation with Mr Bond and when it occurred?---I think from my understanding of Mr Bond's

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statement, he met with me around - I think - I'm not sure of the precise dates but around June 2007 where he took me through his views around how we should go about the implementation of the Shared Services systems. It was around that time, I think, that Geoff Waite, he was on leave or had left, I'm not quite sure, and he was, I guess, they had a very close relationship and he was feeling very unsure and he wasn't that comfortable with the way Terry Burns was going about his work, and I just - I tried to give him reassurance at the time that he should just do his normal work and if he had any concerns, he should let me know, but - and we discussed his views around the implementation approach. He essentially put to me views that we should continue with the current program. He put to me different options around how that could occur, including with and without the Health payroll project, how he felt that they could be delivered within - he thought it - he had a way forward using the current approach. I didn't have confidence at the time that we could deliver even under the different options he put to me, deliver those options within the current budget. I'd been getting enough advice at the time to realise that wasn't viable, but I asked him, despite his reservations, about Mr Burns, to work with Mr Burns and to assist him in his replanning project at that time.

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Paragraph 1 of your addendum statement, Mr Bradley, however, refers to you having some recollection of a conversation with Mr Bond during the evaluation process and you've said that that was the evaluation process of the ITO. Can you tell the commission what your best recollection of that conversation is?---Yeah, I think - I'm sorry, I apologise, I'm not sure whether I had a one on one meeting with him during the evaluation period now that I've reflected on his statement. It may have been that I had conversations with him at that time, but I certainly recall with a lot more certainty that at the end of the process I sought to confirm with him that he was comfortable with the outcome of the evaluation when the team met with me to present the evaluation report.

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Can I just be specific about this: did Ms Perrott ever bring to your attention that Mr Bond had come to him raising a concern about a request from Mr Burns that his team and other sub-teams rescore their evaluations?---No, I don't recall that; no .

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Did you ever meet with Mr Bond where he raised a concern with you that Mr Burns had requested him to rescore the evaluation of the functionality and side of the evaluation? ---No, I don't recall that. I knew he had a discomfort with how Mr Burns was involved in the process but he may have raised that with me.

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All right, thank you. Now, between 2002 and July 2008, Treasury had the ultimate responsibility for implementing the Shared Services Initiative within various agencies? ---That's correct, yes.

And the purpose of that initiative was to achieve savings by drawing on the economies of scale of having central purchasing of IT products and services?---It was much more comprehensive than that in the sense also it was looking to bring together the back office functions relating to all of the major transaction activities of government so not only savings from systems but also savings from the administrative processes and the number of people involved in all of that - all Shares Service activities.

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Those savings had been determined by independent contractors or consultants as being significant?---They had been, yes, there was an initial scoping study which was done prior to a proposal being developed for the current budget review committee at the time.

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By early 2007, CorpTech had overseen the selection of the various products which would compromise the initiative's standard offer?---Correct.

And that included SAP and Workbrain?---Correct.

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Yes. There had been a roll-out of the finance aspect of the initiative in a number of agencies, I think in your statement at paragraph 8 you say approximately 10 agencies? ---I think in the period from around 2006 through to 2007, around 10 implementations occurred.

Now, that strategy had been in place with the Queensland government between approximately 2002 and 2007. Yes? ---That's correct.

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It was pursuant to a particular business case that had been determined?---That's correct, which had been refreshed on a couple of occasions, yes.

Yes. What role did you have in authoring or compiling that business case?---Well, within I guess Treasury was the lead agency for the Shared Services Initiative and we had a Shared Service CEO implementation committee which I chaired. Within Treasury there was also the Shared Services Implementation Office which had carriage of the business case. There were various hosts then for each of the Shared Services providers in certain agencies and Treasury was also host for CorpTech which was the central IT provider to each of those Shared Services agencies.

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But in 2007, the strategy of how things had been happening between 2002 and 2007 came under pressure. Is that correct?---Yes, around that time there had been a major review of the Shared Services Initiative and it had led to a whole series of concerns being raised and recommendations about it and change in direction and there was significant governance changes under way around that time.

And that was the Keliher review?---That's correct, yes.

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Thank you. In paragraph 10 of your statement, you suggest that a number of concerns became apparent to you in the Keliher review in 2006. What were the concerns that it raised in your mind as under-treasurer?---Clearly that major review had a large number of recommendations. In particular it raised concerns around the roll-out of systems which were significantly behind schedule and were proving quite costly to implement. There was a range of views from agencies that they were not comfortable with the way in which the initiative was proceeding and a difficulty in getting consistent engagement with agencies around their systems requirements and the timing of roll-out of new systems to meet their needs.

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In or about early 2007 or March 2007, the first HR roll-out of the Shared Services Initiative occurred in the Department of Housing?---That's correct, yes.

And the go live date was in or about March 2007?---That's correct.

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Had you been made aware of difficulties in relation to that particular implementation?---Yes, I think that implementation had in fact originally been scheduled to go live in 2006, I think, but had been delayed due to concerns about the ability to have a successful implementation so it was later than expected and it would take a lot more resources and when it was actually - it did go live, the processing time for the payroll was - took longer than expected and other technical problems became apparent; for example, the - I think a particular issue was the lack of connectivity between SAP finance and SAP HR. It revealed a difficulty in the two different versions that were employed in that implementation and so we needed to solve some significant technical issues to ensure the payroll process

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in a more timely basis and we resolved some of those functionality problems. 1

Now, CorpTech was the entity responsible for that implementation?---That's correct, working with the team of contractors and consultants at the time.

Right. Logica for the finance roll-out?---Yes.

Which had been done not just in the Department of Housing but in around nine other departments?---That's correct. 10

And Accenture in relation to the HR roll-out?---That's correct.

Now, are those concerns in relation to that particular roll-out with the Department of Housing, were they brought to your attention by Mr Geoffrey Waite who was then the executive director of CorpTech?---They would have been, together with Darrin Bond who had carriage of that implementation, yes. 20

All right. At this time, did you have an open-door policy with Mr Bond and Mr Waite?---We had normal reporting arrangements. He would have met with me - I had a practice of meeting with each of the heads, of each of my portfolio officers regularly, probably fortnightly but also if there was a particular business issue they would certainly be able to arrange a meeting to have that discussed. 30

At or about this time, were you meeting with Mr Bond on a fortnightly basis?---He would have attended those meetings with Mr Waite at that time.

Thank you. Just moving on then, in April 2007, you decided that you wanted a snapshot review of the initiatives roll-out. Yes?---Yes, that's correct. Mr Waite had come to me after the - at that time while the service delivery and performance commission review wasn't tabled until some months later, we had certainly the final version of that document which had major recommendations around having to report back to them by around the middle of the year around our implementation approach and the CorpTech team came and met with me and raised fundamental concerns that they weren't sure of how to go forward from that point and they were concerned about their capacity to fund the program on an ongoing basis so we agreed we needed to get some external assistance to help us look more closely at what might be the appropriate way forward which is why we commissioned that at that particular review. 40 50

And that was a review conducted by Arena Consultancy? ---That's correct, yes.

Mr Uhlmann was a person that you had known in government prior to that?---Yes. I would have approached Geoff Waite

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and asked him who he thought could give us assistance and he would have recommended to me Mr Uhlmann because he had a good working knowledge of the Shared Services Initiative and obviously I knew him from his role, senior role, as an executive within Queensland government.

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Now, in relation to the snapshot review itself, I won't take you to it but the terms of reference at volume 1, page 160 says that the terms of reference are actually linked to Geoff's concerns, that's a reference to the concerns of Mr Waite. Is that correct?---Yes, I would think so.

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And the concerns that he already expressed to you. Yes?
---Yes, about the way forward for the project and also the difficulty he was having in getting engagement with agencies and their cooperation in the implementations, yes.

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One of the greatest difficulties with the Shared Services Initiative, of course, was the resistance from various agencies and agencies wanting to do things their own way?
---Certainly, each agency, when we came to implementations, while we had put a huge amount of work into designing the standard offering, as we came to each implementation agencies would put a case that they had unique requirements which required significant configuration of the system, which was quite timely to undertake and also expensive in terms of the need to do that special configuration. So getting agencies, you know, to stick with the standard offering as we agreed with them after quite a big process was a source of frustration from CorpTech's perspective.

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In terms of the roll-out, there was a document called Schedule 9. Is that correct?---Yes, schedule 9 was the schedule which set out the timing for different implementations. It was under continuous review based on the implementation experience.

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But the schedule 9, as it existed as at the date of this review, had Health last, didn't it?---I can't recall the precise detail of that, but I'm sure it may have at the time. The thing I would say about Health is it needs to be recalled that Health had only been included in scope of shared services about two years prior, so the Health payroll had only become a more recent - relative to the other systems - a more recent allocation to CorpTech, and I think for that reason it had been scheduled to occur after they completed the first round of implementations.

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Did you appreciate Mr Waite and Mr Bond's thinking was that Queensland Health should come practically last so as to gain the experience for the HR roll-out for other departments before tackling what was viewed as a very complex HR roll-out for Health?---No, I certainly understood that view, at the same time though, we had strong representations from Health that they had urgent priorities in terms of replacing their system, and indeed the service to the performance commission review had featured that as a major concern and had required that we report back to the CEO committee by June that year, I think, to reconsider the timing of how that should be implemented - when that should be implemented, sorry.

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And you had certainly received written representations from the director-general of Health for the bringing forward of the Health payroll system, hadn't you?---Certainly, and I had a practice meeting probably I think monthly with the senior management of Health, and certainly that was always at the top of their agenda as areas of concern. It was

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also raised with me at the various CEO governing committee board meetings, and certainly they were raising concerns with me that they were worried about the future in terms of if there were major new award implementations an about the ability of that system to handle those significant changes.

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In relation to this snapshot review, one of the recommendations was Health was not to be brought forward. Do you recall that?---Yes, I do.

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At this time, did you know that the vendor support for the existing LATTICE system at Health would be withdrawn by about June 2008?---I'm not sure whether I precisely knew, I'm certainly aware of that, I'm not sure whether I was aware at this particular point in time. I certainly became aware of that. The way I saw that particular review and subsequent review in May, it was really focusing on, "Okay, we've got CorpTech who are really unsure of the way ahead, what do we need to do immediately to refocus them and get the program back on track?" And at that point in time, bringing Health payroll onto the agenda was not something we could have handled under the current implementation approach.

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While we're on this topic, we know by the time the ITO was issued that Queensland Health is to be brought forward in terms of being one of the first two initiatives to be rolled out, that being the Department of Education and Training and the Arts, and the second being the Health HR payroll?---Yes.

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Can you tell the commission what brought about that change from this recommendation in April 2007 to Health being brought forward?---Well, both this report and the subsequent one in May said at the time we were trying to stabilise the current CorpTech implementation process and it wasn't viable for CorpTech to take on such a major systems implementation at that point in time. So what was agreed following the May review was that we would do a re-planning project. We would ask CorpTech to remain focused on its 2007 implementations, and there were a whole series of significant finance implementations, so CorpTech would essentially stick to that schedule and commit its resources as required to that schedule. We then started a separate, I think it was termed "re-planning project", which was going to focus on implementations beyond that scope, including through into 2008 and possibly 2009. Certainly, as a priority within that, as per the service delivery and performance commission reviews, Education and Health were seen as important priorities. As we went through the process of market sounding and RFPs and so on, we developed an approach where we were following - I can go through the steps in more detail - but we developed an approach of looking at the implementations in two phases, and within phase one, which we felt we could do within the budget which was revised in and around August, that we

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would do those basic implementations as a priority because they were seen to be urgent and in terms of vulnerability of the Legacy systems involved, they needed to have an implementation process under way for those within - certainly within 2008. So that became the focus then of seeking to do that with greater certainty through the prime contractor process, the ITO process in terms of both time and the cost.

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There is a document we'll come to at one stage, which is 16 August 2007 CEO minutes of meetings, or a briefing note to that board?---Yes.

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First of all, what was that board?---That was the principal governing body for the Shared Services Initiative, so we had represented on it all of the major agencies, the CEOs of each of the major agencies together with the Department of Public Works, Treasury obviously as a lead agency, and usually at least one agency from groups that we call "clusters", so, for example, there was the Department of Justice, because under previous configuration we had a Justice cluster, for example, so we had Health, Education, Justice representing the Justice cluster, I think Transport representing another grouping, so it was the senior CEOs, it was then supported by a secretariat in Treasury and it was the principal body who oversaw the actual overall strategy and made significant decisions around business direction.

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And who chaired that body?---I chaired that CEO group during this period.

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Thank you. By 16 August 2007, it certainly had to been identified that what's called the "Legacy systems", including the LATTICE systems and other systems that were in place, that they needed to be brought forward because of a sense of dealing with what was going to be a lack of support in relation to them. Can you tell the commission though what was the reasoning behind bringing them forward, what did you know at the time that required them to be brought forward? Sorry, just in relation to Health? ---Okay, in relation to Health. When you say "brought forward", certainly brought forward from some earlier views around their timing. Yes, certainly at the time this had come through the work of the service delivery and performance commission, and from the range of interactions I mentioned previously around with at the most senior levels with health, that there were significant risks around support of that system. We had an approach within CorpTech in Phillip Hood's area who he developed contingency plans for each of the major Legacy systems and looked at all the areas of risk, and looked to develop strategies to address each of those risks. Over those years leading up to 2007, we had gone through quite a detailed process of replacing major hardware, for example,

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to refresh the hardware, to improve the connectivity, the network, so all of the sort of infrastructure supporting the systems. We looked at key person risk where we had key - some of the systems have a handful of people who actually ran the systems, so there were highly vulnerable key person risks. In this case, yes, they were reliant upon a product which was coming to the end of its vendor support and I think we had a further possible year to run at that point in time. As I mentioned, Health were also raising that, and we certainly had strategies in place to see if we could extend that vendor support, but I think Health beyond that were concerned that even with vendor support for such an old product, because it was so vulnerable to potential failure, that if we came to a point where there had to be major changes to the systems to cope with new awards or new changes in taxation or other matters which related to worker entitlements, that the system's ability to cope with significant reconfiguration and change was certainly within question. They were experiencing difficulties each payroll run, each fortnight was, you know, a sort of - quite a sort of concerning process, so we had a clear view coming through, and certainly put by the senior people from Health who would have attended those relevant committees, that was an important priority.

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Did you have an appreciation of the number of people or man hours that were required to keep the LATTICE system going in Health?---I'm not sure I knew those - that particular detail, but I was certainly aware that it was perceived by Health as a high risk and certainly a very resource intensive burden that they had to carry.

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We know as a fact that the LATTICE system continued to be supported at Queensland Health until the go live date for the new system in March 2010 and even though it had its problems, it continued to make payroll rounds up until March 2010. Do you recall that Mr Uhlmann and Mr Bond expressed to you the view that this sense of urgency in terms of bringing Health forward was actually not a real urgent situation?---I don't recall Mr - I'm not sure how Mr Uhlmann would have known that level of detail, perhaps. Certainly Darrin, as I mentioned, in the meeting that I had with him, put a view to me around the timing of when Health might occur but really I felt at the time that really Philip Hood was more across those issues because his was the area that had the big responsibility within CorpTech for maintaining and operating legacy systems, so I wasn't sure that Darrin was the best source for advice. I certainly would have seen Philip Hood as the expert person to give considered advice on that particular issue.

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Mr Uhlmann made a presentation to you of this snapshot review?---That's correct, yes.

And you had a conversation with him?---Yes, I would have, yes.

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Did he raise concerns about information not getting through to you from Mr Waite?---Yes, he was concerned that I wasn't being fully informed about the issues being accounted within CorpTech. That, to me, reinforced a similar view I'd heard from Mr Keliher during his review, and I'd been very supportive of Geoff Waite and his team because I believe that they - I didn't believe that probably even Gary Uhlmann at that time was really across the significant achievements that have been delivered by CorpTech, but certainly that - hearing that same thing repeated concerned me at the time.

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One of the recommendations, one of the key recommendations of the snapshot review was for the creation of a new position. Was that correct?---I think there was a term in there for - certainly a role where we - to address some of the weaknesses in program implementation within CorpTech. I can't recall the precise terminology that was used to describe the role but it suggested there needed to be a sort of further piece of work to really scope out and develop in detail improved arrangements for oversight of the roll-out of systems within CorpTech.

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All right. The suggestion or recommendation, which was an immediate recommendation to be done within one week, this is at volume 1, page 172, but I appreciate you've got a broken arm so I'll take you to as few documents as possible, but we don't need to go to this?---I'm familiar with that one.

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You realise that one of the recommendations was the appointment of an operational program director?---Yes, I think that was the term, yes.

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Now, you had a conversation with Mr Uhlmann about that appointment?---I'm not sure of the exact process steps that occurred. I think I would have met with Mr Uhlmann to get an understanding of what he had in mind. I think I would have then at that time - I'm being - I'm trying to recall how it might have occurred. I would have then discussed it with Mr Waite. I think then - and suggested he have a talk with Mr Uhlmann about whether he could recommend a resource given we - it was suggesting that we needed to do it, you know, almost immediately, so we needed to find a resource pretty quickly. So I think Geoff would have then come back to me having talked with Mr Uhlmann with this suggestion of Mr Terry Burns.

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Can I suggest that in the meeting that you had with Mr Uhlmann for the presentation of the snapshot review, he actually mentioned Mr Burns to you as being a person who may be suitable to fill that position?---I'm not 100 per cent sure of that, but he may have. I can't say for sure. But I certainly would have consulted with Mr Waite before identifying a particular person.

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Can I say as a second stage that Mr Waite and Ms Perrott met with both Mr Nicholls from Information Professionals and Mr Uhlmann from Arena Consultancy where it was determined to recommend to you the appointment of Mr Burns?---Yes, I don't recall those precise - that detail, but certainly I think it - I thought it came about through a process of just talking with those - with certainly Mr Uhlmann; I'm not sure about the other person.

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All right. Did you check or cause to be checked the references for Mr Burns?---I didn't, no, I certainly didn't personally check references. It wouldn't be something that I would normally do, but there was a process by which is services were engaged. I imagine - I certainly saw his CV at that time and had a discussion with him. I personally talked to him as well myself at the time and got a better understanding of the sort of projects that he had been involved with. I certainly placed weight on the face that - of the source of his recommendation. Geoff and others seemed comfortable with him as well. I can't recall discussing precisely the checking of referees at that point in time.

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He had only come to Australia in early 2007. Yes?---I'm not sure of the precise time of when he might have come to Australia.

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He had been involved in the snapshot review with Mr Uhlmann?---I don't think I was aware of that at the time, but I understand that to be the case now. I wasn't aware that he had been involved in that.

He certainly wasn't a person who had any experience with the Queensland Government or, indeed, any Australian government?---Not at that time, no.

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And he had previous experience in terms of programming - sorry, I'll withdraw that. He had previous experience in rescuing programs that had gone off the rails in terms of IT programs?---Yes, it appeared to me and I thought to CorpTech as well at the time that many of our - obviously our key people had been - had only worked in that particular environment and getting a resource who had broader international experience in major systems implementations seemed to, I guess, give us the opportunity to get fresh insight into how we should be going about potentially correcting what was a program that was under some pressure.

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Why was it that he did a review, like the recommendation in this report, the snapshot report, is that someone be appointed operational program director, it doesn't recommend that there be a second piece of work or a five-week review done. We'd like to know how it came about that Mr Burns was appointed to conduct a five-week review? ---Yes. I don't know if we ever used that particular name for the person doing the review, but my understanding was we only done a very quick five-day review relative to the service delivery and performance commission review, which had taken six months, I placed much greater weight on that review, but it was never - nevertheless, we felt if we did a more intensive period of work to flesh out some of the key issues raised in that Arena review, that we then have a better feel for what we needed to do immediately in a sense to get CorpTech back on track, so my understanding is that the arrangement we discussed and agreed, and was proceeded on was to do a more intensive piece of work in more depth over around a four-week period through May to come up then with a series of recommendations about how we should proceed forward at that time.

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Mr Bradley, you, in any event, have a one on one meeting with Mr Burns?---That's correct.

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You've read what Mr Burns has said about that meeting in paragraph 64 and 65 of his statement?---I have read it, yes, sorry.

All right. Can you first of all give us your best recollection of what was discussed with Mr Burns in terms of - sorry, just tell us what was discussed with him? ---Yes. I'm not sure of some of the way in which he described my views would be my particular words, but I would have outlined to him the fact that, yes, we had the Arena review, it identified the concerns, the background of the Shared Service implementation and the approach that we were taking and how I really needed to - how I'd had a view from CorpTech that they were unsure of the way forward and I really needed to get some fresh insight into and review of how we could get the CorpTech system implementation component back on track. I would have talked to him about his experience in recovering significant projects in places from his CV, like in New Zealand, and I would have asked him about what had been involved in those cases where he had undertaken work, and would have asked him whether he thought that same knowledge and experience could be of assistance to us in getting our project back on track. I think I would have formed a view that it appeared to me that it's certainly going to be the case that he could assist us and bearing in mind the recommendations that I've had, I would have indicated to him that I was wanting him to undertake the work.

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What were you hoping or expecting from this review?---I was expecting to obtain some fresh insights into the issues within CorpTech and the extent of the difficulties that we were encountering, and the key direction forward in terms of how we needed to go about repositioning the systems implementation under way.

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Can I just take you through these two paragraphs and see what you recall, whether you said these things to him, words to the effect of, "I'm very happy, I think you're the right person, do you think you can unravel this place?" Did you say that to him?---I don't think - they're not words that I would have - that I can say that I would have personally said. I would have certainly said, you know, "You can assist us here. Do you think you can apply your knowledge and experience to help us understand the problems and issues that we have." I'm not sure about those precise words that he's used.

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Did he give a response to the effect that, "He had a very good idea on an approach that he would take, but there was no guarantee that you could succeed because it was an enormous, complex, long-term project"?---I think he would have put views like that to me, yes.

He says you shook hands on the basis that he would get out there and get things under way?---We may have shaken hands, I'm not sure, but I think it would have then followed a normal process for his engagement where he would have signed a contractual document and so on, I would have said, yes, I was wanting to take I'm on and a normal process would have occurred for his engagement, it wasn't just a shake of hands.

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Was there anything - - -

COMMISSIONER: That doesn't seem to have happened. Who should have made sure that there was a signed contract? ---Sorry, commissioner, that's what I was referring to.

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No, you say there should have been one, and no doubt you're right, but there doesn't seem to have been one ever. Mr Burns is not seemed to have signed a contract with anyone for the performance of this May review. Who should have attended to that?---Sorry, I was - perhaps I'm incorrect, I was of the understanding there was a contract for his services at that point in time, but maybe I'm in error, I'm not sure.

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There's a draft between CorpTech and Mr Nicholls' company, Information Professionals, and there's an agreement between Mr Nicholls company and Mr Burns, but neither has been signed?---All right. Yes, my expectation was there would have been such a contract.

Of course, but who should have attended to that?---I would have normally expected the CorpTech, the executive director at the time, yes.

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MR FLANAGAN: You had no other expectation at this stage from Mr Burns that he would provide you with a report within the five-week period for which he was engaged?---I was expecting him to provide me with a report, yes.

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Did you expect anything else, apart from him providing you with a report, as to a way forward?---Not at that time, no, but certainly we then set up a process by which he would undertake his work where we had a steering committee and it was agreed the range of issues he should examine in coming out with this report.

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What were they?---Certainly, we were looking at how we were going about the implementation approach, the nature of our engagement with all of the implementation partners. By that time we had various proposals put to us about changing our approach, I'm sure we would have said to him, "Can you have a look at those proposals?"

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Can I just pause there? When you say "changing your approach", you knew at this time that Accenture had been suggesting for some time a prime contract model?---I knew they had views about how the program should be implemented, I'm not sure whether that terms was particularly known to me at that time.

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Can you tell us what you knew of their views at the time that you commissioned Mr Burns?---I can't recall whether I met with them around the same time, around the April period where they put to me concerns following the Housing implementation around the process that occurred around how that was managed, and how it could be better managed, basically. And I was aware there were other proposals from, I think, IBM that Geoff Waite had said to me that he'd received at the time. But I was aware more broadly as I attended CEO committee meetings with the industry more generally about - and they were questioning the way in which government went about implementing large IT projects.

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All right. Mr Burns said that you agreed with him to have a short line of communication, that is, he wanted a direct line of communication to you?---Yes, it was agreed that he would give me regular updates directly, basically, which would be, I think, broadly, maybe once a week, I think, at the time, during that May period. I was conscious of the fact that I'd been given views from various people obviously that I haven't been getting full information around how the project was proceeding, so I wanted to make sure I was across any issues that he found during the process of his review. But at the same time I wanted him to engage very actively with the senior management within CorpTech and work with them to come forward and develop proposals.

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Tell me, at the time you commissioned Mr Burns to do this review, had you lose faith in Mr Waite?---I don't believe I'd ever lost faith in Geoff Waite, I was concerned about all of the issues that I had heard about. I always had a great respect for Mr Waite and he was, you know, his level of commitment to CorpTech was without question, I thought.

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But I felt he was under extreme pressure and I needed some fresh insights.

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It's unusual for a contractor, is it not, to have a direct line of communication with the director-general?---It wasn't something I normally did, but I'm not sure it was direct communication other than it was an opportunity to directly brief me, which I guess, you know, it's not unusual for me to meet with a range of people in my normal activities.

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Do you recall Mr Burns saying to you, "In conducting my review, I may have to be directly critical of some of your most senior staff, including Mr Waite"?---I think certainly the issues around the capacity of the team and the senior management were issues that we thought might arise during the review, and I would have requested him that he only share those views with me personally and not - I didn't want to cause any difficulty within the team, I didn't want to have them get any sense that I didn't have confidence in them, I guess.

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Was that one of the reasons though that you wanted a direct line of communication as between yourself and Mr Burns?---That was one of the reasons, but also I felt that I could give him a broader contextual perspective of the overall initiative which potentially he couldn't get by just talking to people within CorpTech, because I had a broader knowledge and experience of the whole implementation strategies that had occurred over a number of years and could balance perhaps some of the more recent negative commentary with what had been delivered over that time.

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Were you aware that he informed Mr Bond that he had a direct line of communication with you?---I wasn't aware he was using that particular description of it, yes.

Did you know he told other people at CorpTech that he had a direct line of communication to you?---I'm not sure what he meant by that, but certainly he had the ability to brief me directly, I'm not sure whether a direct line of communication implied other things.

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Well, it would certainly empower a person, an independent contractor, to say to staff of CorpTech, "I have a direct line to the under-treasurer," wouldn't it?---If it was expressed in those terms, yes.

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Do you have any knowledge that Mr Burns, together with Mr Goddard, at one stage, probably in or about June 2007, went into Mr Bond's office, and I'll quote it, aggressively told him that he was not to go and see you any further? ---I'm not aware of that occurring. I think I had - as I mentioned, I was always open to seeing Darren. I think he knew that. And I think around - after he met with me in that June period I would have asked Darren to actually work with Terry Burns in the work that he was undertaking. And I think I similarly met with Terry Burns and said:

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Look, Darren has come to me with some ideas. I'm not sure, given it's the same approach we've been adopting, that they necessarily are the way forward, but can you work with Darren as well?

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My impression was there was tension between the two of them at that time, but it seemed to - I think probably due to the role that perhaps Barbara and maybe David Ford played, it seemed to settle down. They seemed to work cooperatively together after that time.

It's inappropriate for a contractor, is it not, to be instructing a public servant who had previously had access to the under-treasurer that he was not to go and see the under-treasurer?---If that's what occurred, yes, and no, he shouldn't be.

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But it would also suggest that he had been empowered to the extent that he thought he could direct a public servant in that way?---That wasn't the case. By the time obviously the June period he was - the whole arrangement - he no longer had access to me personally at that point in time. He worked - and whenever he came and saw me it would have been as part of the senior management team within CorpTech.

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Mr Burns said in paragraph 65 - suggests that you said words to this effect - or he said "I said" but it would seem to be more that you said

He's sitting controlling the money. He was the one who this process of shared services reported up to and he said he's the one who's going to carry the can if it bombs or succeeds and he owned the business case for the benefits which were driving this, so he said, "It's all very close to my neck?"

---Again, I don't think any of those sort of words are ones that are familiar to me. I would have made it clear to him that I was obviously the accountable officer and that I'd had carriage of the shared services business case and I carried the responsibility for its implementation. I'm not sure I would have used those more colourful phrases. So I would have said to him that I have a high degree of commitment to ensuring the success of the program at that time.

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Can you recall what you told him to do?---Sorry, in the May period? 1

Yes, in carrying out the review. So before he starts the review, what did you tell him to do?---I would have outlined to him the problems that we face in terms of not having a clear way forward. I was seeking for him to come back to me with recommendations around how we could get the program back on track so that - back towards a successful program of delivery of systems and to address what was then concerning issues around the level of resourcing that was going into systems implementations, so we were seeing our budget being eaten up quite quickly due to the high costs of engaging large teams of consultants, and really without them being held accountable for what they were delivering, necessarily. 10

We know that soon after your one-on-one meeting with Mr Burns the deputy under-treasurer, Mr Ford, arranged a meeting as between himself, Ms Perrott, Mr Waite and Mr Burns, to meet three vendor representatives; one from SAP, one from IBM and one from Accenture. You didn't attend that meeting?---No. 20

Did you request Mr Ford to take any responsibility in relation to Mr Burns's review?---My recollection is we set up a steering committee which David Ford might have chaired, I think, which would have been myself, Barbara Perrott and Geoff Waite. Certainly the issue of how we engage with the major implementation partners would have been an issue they considered, so I assume that that briefing was arranged by the steering committee to provide an introduction of Terry Burns and the fact that he might be undertaking work and seeking to discuss matters with those partners. 30

Thank you. I will show you a document now, if I may. Can I take you to volume 27, please? And if I can just find the page for you. If you start with page 226, Mr Bradley, you'll see that that's simply an invitation to a number of vendor representatives from Queensland Treasury for a meeting with David Ford on Monday, 30 April at 3 pm?---Yes. 30

Can I take you then to page 228 and there you'll find a file note of that meeting? It was a file note made by Mr Bloomfield of IBM where Mr Burns is introduced to these vendor representatives and Mr Bloomfield records that Mr Ford identified that they've appointed Terry Burns to spend four weeks determining those three matters that are identified there?---Yes. 40

Are those three matters the matters that you had identified for Mr Burns in your one-on-one meeting, or consistent with them?---I think they're broadly consistent. I'm a bit - I think number 2 is - I'm not sure I - requesting a new organisational structure would have been something we would

have stated in that way, but certainly the way ahead and how it's managed I think would have been some key things, and the way in which we can improve delivery of the program certainly, yes.

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Had you discussed with Mr Burns that you wished the key implementation partners, that there be more leverage in relation to them?---I think certainly we'd talked with him about exploring the ways in which we can use their services much more effectively than we had been.

And had you asked him to identify accelerators to help improve delivery?---I'm not sure that's a term that I used, but certainly it may have been how he gave expression to the ways of improving delivery.

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No doubt having spoken to Mr Burns - first of all, did you have any knowledge that this meeting took place?---The briefing of - - -

These vendors?--- - - - vendors. I'm not sure. I was kept informed through this process. I probably was advised at the time. It doesn't particularly stick in my mind as being aware of that particular meeting.

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Yes. Can you assist us; having spoken to Mr Burns, what did you envisage his contact with the vendors to be for the purpose of conducting his review?---I was certainly expecting that he would have some level of engagement with them to get any views they had around how the program could be more effectively delivered at that time based on some of the proposed - they'd put forward, as I understood it, informally.

Thank you. Is that a convenient time, Mr Commissioner?

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COMMISSIONER: Yes. We'll adjourn now until 2.30.

MR FLANAGAN: 2.30.

COMMISSIONER: Does that suit you?

MR FLANAGAN: Yes. I'll be around another three-quarters of an hour with Mr Bradley.

COMMISSIONER: Mr Doyle?

MR DOYLE: Well, on that basis I'd be half an hour, probably.

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

THE COMMISSION ADJOURNED AT 1 PM UNTIL 2.30 PM

MR FLANAGAN: Mr Bradley, you've told us that you had an expectation that Mr Burns would speak to vendors or existing vendors for the purpose of conducting a review. Is that correct?---In May 2007, yes.

Yes. Did you have any expectation as to how those vendor interviews or vendor contacts between vendors and Mr Burns would take place?---Well, I would have expected they would have been in accordance with the process that Mr Ford outlined in his particular briefing, which would have been discussions with Mr Burns, with each of the three key providers with appropriate involvement of any relevant CorpTech people at the time.

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Would you have expected that when he had interviews with external service providers that a CorpTech person would ordinarily have been present?---I'm not sure that I set up that particular process but I would have expected that to be normal, something that would normally occur, yes, given he was new to the process.

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Given that he had a direct line to you, did he ever report back to you about his contact with vendors and the nature of his communication with vendors?---My recollection of the progress reports he gave me were more about the internal process he was running within CorpTech. I don't - I'm sure he would have mentioned that he had discussions with vendors but I don't - it's not something that I can recall in any detail.

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In anything that you said to him in your one on one meeting with him, did you give him the impression that he was to look at or pursue contractual negotiations with parties? ---No, I wouldn't have expected that sort of process to be under way - - -

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Was there any - - -?--- - - - at - - -

Sorry, finish?---At that time, yes.

Yes. And I'm talking about the May review?---Sure.

Was there any part of the May review being conducted by Mr Burns that would have required him to look at contracting with particular parties?---Not that I'm aware. I thought it was more really intended to be an information gathering process where he can bring together all of the - both internal and vendor information around how the project was tracking and how it could be better managed.

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As at late April, early May 2007, had you formed the opinion that CorpTech should proceed by way of a prime

contractor model?---No, I don't believe that was a model that was known to me at that point in time. 1

All right. Now, you've got volume 27 in front of you; could you turn to page 230 and we can do this fairly briefly. It's the case that you've read this email?---Yes, this IBM email, yes.

Yes. And it's an email from Mr Lochlan Bloomfield to other IBM representatives, which is recounting a conversation that he had with Mr Burns. One is referred to as on the record and one was referred to off the record. First of all, did you have any knowledge from Mr Burns that such a meeting took place?---I don't believe so, no. 10

The date of the meeting is on or about 2 May 2007. Yes? ---I wouldn't have been aware of that, I don't think, no.

All right. That was after your one on one meeting with Mr Burns, however?---I assume it was after he commenced his process, yes. 20

And so the process of the review by Mr Burns had been undertaken by this date but it's very early on in that process?---Yes.

Having read that email, what do you wish to say about it? ---I think had I been aware of - if this was an accurate trail of his discussions, I guess I would be concerned about some of the impressions he's given to IBM about the process he was undertaking and certainly words like, "I'm very uneasy about whether they're coaching," or recommendations at that point in time. 30

Having read that email, is there any part of that email - sorry, I'll ask a more general question. Having read that email, do you see that type of conversation as between Mr Burns and Mr Bloomfield as recorded in that email as being part of Mr Burns's review as you understood it?---I would have been concerned about statements like, "CorpTech needs a significant increase of involvement by IBM," some comments like that. I would have thought, had been aware of that impression being created, I think we would have - I would have requested the executive director of CorpTech and the deputy under-treasurer, who were overseeing the process, to counsel Mr Burns about not creating unrealistic expectations or indeed giving views which haven't been endorsed by the steering committee or by Treasury. 40

In his conversation with you before he commenced this review and in him reporting to you in the course of May before he presented his final report of May 2007, did he ever say to you that he was of the view that what the CorpTech program lacked or needed, what the CorpTech program needed was a greater involvement from IBM?---Not that I can recall, no. 50

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Were you of that view?---No. I certainly thought we needed a better way of managing the contractor resources, certainly the time and materials approach where implementations had gone on for much longer than expected was seen to be a very expensive way to go about the process and with uncertain time lines as well, and certainly we needed to bring greater discipline to the use of contracting resources. I would imagine at that point in time it might have involved developing better models with each of the relevant providers.

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Can I then take you to page 262? At page 262, again did you have any knowledge of this?---That's 15 May. I would have been aware that he would have been having some level of discussions with each of the providers. I'm not aware of the particular detail in this email.

There's a reference there to a one on one for a coffee. That is, "I think it would be good to catch up tomorrow one on one for a coffee to discuss our latest thinking." Does it cause you any discomfort as the under-treasurer at the time that Mr Burns was meeting one on one with vendors? That is, without the presence of a government official? ---Obviously it would be preferable that he had more formal interactions with the relevant parties involved. I'm not sure what his catching up for coffee, whether it was just developing a relationship with the person or not, but having more detailed in-depth discussions over coffee is probably not the best approach.

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In terms of what your expectation was, did you think that Mr Burns, as part of finding out what vendors could offer for a way forward, that would be done by requesting formal proposals from them?---I didn't believe in the process of the May review that we would have been at a point of asking for formal proposals but we certainly - I'm sure we would have asked him to, having got various proposals at various points along the way, to have sought to inform himself as to what those proposals involved at the time.

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Thank you. Then 263 over the page. What I'm particularly interested in with this email, Mr Bradley, is the second paragraph where Mr Burns points out to Mr Bloomfield of IBM, "I should point out that we have no contractual inhibitor at this time that would prevent us using another vendor in any of those key areas to whom we would assign discreet work packages." Had you received legal advice along those lines as at 15 May 2007?---I'm not aware of legal advice along those lines but I'm aware we had contracts with the various implementation partners, which had particular scopes, but outside of that I'm not aware of any advice which would have been around how other arrangements might be entered into.

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You saw in the other email that there was a reference to "there's no sacred cows" being suggested being something that Mr Burns said to Mr Bloomfield. First of all did you in your conversation with Mr Burns or in any subsequent conversation with Mr Burns suggest that the time and materials contracts that were existing did not stand in the way of a more widely scoped contract?---I think we would have agreed that we were open to new ideas. I'm not sure I would have had a view around whether you could change existing contracts for that purpose or not.

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Do you have any knowledge of whether Mr Ford may have imparted that to Mr Burns?---I wouldn't imagine David would have had any detailed knowledge of the contractual arrangements enabling him to do that.

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Then on to page 267, he's informing Mr Bloomfield that he's:

In the final workshop phase now for the next two weeks so I'm committed from 8 to 6 pm each day, so an email will be best at first.

He says:

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I'm looking to enter final negotiations with vendors/partners by mid-next week.

This is as at 16 May 2007. Again, was it any part of your brief to Mr Burns to conduct this review that he could be entering final negotiations with vendors or partners prior to him presenting his report to you?---No, I'm not aware of what negotiations he's referring to at that point in time.

Was he briefed by you at all to enter into any negotiations?---No, I wouldn't think so.

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How often was he reporting back to you during this May period?---My recollection, we might have had, like, a weekly meeting where he came and gave me an update. Usually he had one or two dot points, lines perhaps, of things that he discovered through his internal workshop process. So I certainly understood he was going through a whole series of workshops involving engaging with a wide range of people within CorpTech and senior people in CorpTech.

All right. Now, you've been shown and email. I won't take you to it, but it's volume 32, page 89, which refers to a dry run; that is by arrangement with IBM and Mr Burns, prior to presenting the proposal to the senior management of CorpTech and Queensland Treasury, IBM were able to present their proposal in the course of an hour to Mr Burns and Mr Goddard at IBM offices. Did you have any knowledge that that was happening?---No. I recall that - and I've

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checked my diary around this time and on 2 August I had
scheduled meetings with Accenture and IBM. I was able to
attend at least part of the Accenture meeting but I wasn't
able to attend the IBM meeting, which I think Mr Ford may
have attended, or if it occurred, I'm not sure. But it may
- unless it was mentioned at that particular meeting, but I
was not there and I wasn't aware of a dry run meeting the
following - was it the following day, the 3rd?

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3rd, yes?---No, I wasn't aware of that.

There were no CorpTech people at that meeting except for
the two contractors, Mr Burns and Mr Goddard. Does it
cause you any concern that that was conducted before two
contractors or before Mr Burns rather than CorpTech
management?---Certainly they've been given the offer of
meeting with senior management. I would have thought that
would have involved CorpTech people together with Mr Burns.
I'm not sure what they meant by a dry run on that following
day.

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If you assume it's actually a run of the presentation they
would be giving for a similar presentation to what they
would be giving as part - - -

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COMMISSIONER: A rehearsal.

MR FLANAGAN: A rehearsal, yes. Thank you,
Mr Commissioner?---It seems unusual, given that the
presentation was only due to occur on the following week,
I think. Certainly Accenture, when they met with me, went
through the outline of their proposal, I think, in very
high level terms, but - in that sort of a process, we
encourage them to assist them in helping them frame their
final proposal. I'm not sure what they meant by dry run or
rehearsal in that sense, but I'd wonder why they needed
that so soon before.

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With the Accenture presentation on 2 August, you were
present?---I think I was present for at least part of it,
yes. The start of it, yes.

So too, Ms Perrott?---I think so, yes.

Right. Do you recall at that particular meeting - we'll
deal with it now - that Mr Salouk from Accenture raised
with you their concerns that if you didn't contract from
the RFP process, that information that was commercially
sensitive to them may be linked to the market?---I think
they may have raised the issue of wanting reassurance
around the confidentiality of their proposal. I'm not sure
about the contracting step in that process. But certainly
they would have raised the high-level nature of what they
were planning to do and they may have indicated that
certainly confidentiality was an important issue to them.

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Did Mr Burns discussed with you that he wanted to contract after the RFP process?---At that meeting or - - - 1

At any time?---Subsequent to the RFP process Mr Burns came to me seeking to discuss what the next steps were and whether we could enter into contractual arrangements at that point in time and I sought the advice - I can't recall whether it was me or whether it was CorpTech senior management sought the advice from commercial counsel and then spoke to our external legal partner to ascertain the best and appropriate step forward, and it was not a surprise to me that their advice was to go to a more formal tender process. 10

But did Mr Burns express to you a desire to contract after the RFP process?---He certainly raised with me, yes.

Did you know - well, you appreciated that all the proposals put forward as part of the RFP process were evaluated?---I must admit I had forgotten that detail but I did recall that certainly the Accenture and IBM proposals were considered to be the most highly rated at that point in time. 20

Yes. At this meeting with Mr Burns immediately after the RFP you refer in your statement at paragraph 92 - if I can take you to that - you say:

I understand that after the RFP process Mr Burns thought that IBM potentially was the preferred tenderer because Mr Burns thought -

I think there's "IBM" missing?---Yes.

IBM provided a better way forward. Mr Burns expressed these views to me when we discussed the way forward at that time. 30

Now, when you say you understand, is your understanding based on the conversation that you had with Mr Burns after the RFP process?---That was my recollection when I did my interview, that I thought he'd expressed that view to me. Whether it was - whether he'd phoned me at the time and said that's what he thought and how shall we proceed from that point, but I must admit it's a long time ago and as I think further about that I'm not as convinced I can be absolutely sure about it. 40

All right?---But that was my immediate recollection when you asked me the question.

If Mr Burns had expressed to you that he thought IBM potentially was the preferred tenderer, did it cause you any concern that he was going to be - was called the - - -

COMMISSIONER: Facilitator.

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MR FLANAGAN: - - - facilitator for the ITO process?---I think at the time - I don't think he was really - I think he was simply responding to what he thought was the features of the IBM proposal. I'm not sure that I perceived he had a strong bias towards it and I think we had a discussion that we were all very hopeful that in the ITO process Accenture would come forward with a stronger proposal.

Can I then take you to volume 33-2, page 424, and I will need to show you this document.

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COMMISSIONER: Sorry, what page?

MR FLANAGAN: 424, volume 33.

Again, you've recently read this email?---Yes.

Now, you'll see that it's actually dated 28 June 2007, which is before the RFP process commenced, which is actually commenced on 25 July 2007, so it's almost a month beforehand. This is a contact - again, it's a record of a meeting that Mr Burns has with a number of IBM representatives. Does this email cause you any concern? ---The top one or the second one?

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The second one, please, especially the last four paragraphs?---Yes, if this is correct, it says:

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Terry obviously can't guarantee IBM a large-scale involvement in the longer-term involvement in the longer term -

sort of implying - it tends to imply a favoured outcome for IBM, which I don't think would have been appropriate, and he then goes on to give views around Accenture and SAP which I don't think would have been appropriate too.

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He also says that:

The under-treasurer -

that's you -

needs to see that this money has been put to great effect and that the SSS program is heading in the right direction and if so, he is then prepared to go back to parliament for more funding.

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Did you tell Mr Burns that?---I can't imagine I would have in the sense - sorry, I think whoever wrote this didn't have a very good understanding of how funding arrangements work within government. Clearly, I wouldn't be going to parliament as a public servant, so it reflects a poor understanding of that. Certainly, I think I was making clear to CorpTech at the time that there was no more funding at that time and that I wouldn't be in a position to go back and put a case to government for more funding until we had a clear way forward which provided some certainty around what we could deliver for the funds.

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Yes?---I would have not thought though that was something that would have been shared with any particular external party at that time. That was, I guess, my internal thinking at the time.

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Given the nature of these conversations as recorded in these emails between Mr Bloomfield and Mr Burns, do you hold to the view that Mr Burns had no conflict in carrying out the role he did in relation to the ITO?---I think I see that he overstepped the mark in the nature of some of his discussions with IBM, I'm not sure I can go so far as to say that reflected a particular biased. It reflected perhaps a lack of discipline around how he engaged with IBM at the time.

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To your knowledge, had he ever been instructed on the procurement policy of Queensland, for example?---Well, I imagine those sorts of issues would have been dealt with between himself and the senior management of CorpTech. I'm not sure at this point in the process - I think he was more

seeking information, I'm not sure that we had in mind a competitive process at that point in time.

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All right. This was certainly after he'd provided his report to you, yes?---In May, yes, where we were to - which then started the - I forget the term he used - replanning project, which was around developing views around how to undertake the next round of implementations and developing new ways of working with the implementation partners.

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When you engaged Mr Burns, did you want him to be conducting these sorts of conversations with vendors?---I certainly felt he had to engage with the vendors to explore new ways of going about the implementation, given that we were not achieving the outcomes we needed to from the current time and materials and project management by CorpTech. Certainly, I think we all had a shared view that we needed to find a better way to contract in the future.

My question was a bit more specific. When you contracted Mr Burns, did you envisage that he would be having, or did you want him to be having, these types of conversations with vendors?---I certainly had an expectation that he would have engagement with vendors, not in these terms, no.

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After he presents his report to you, one of the recommendations is that there be appointed a project director and that an SDA, a solution design authority, be established, yes?---Yes.

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And ultimately he is appointed to a position that's not dissimilar to the project directorate that he had recommended in his own report, and he is the first person who becomes the head of the SDA. Is that correct?---Yes, I think the role we engaged him in was program review director or something of that style, which was a more focused piece of work, but subsequent to that, yes, I understand the executive director of CorpTech did actually have him as the first - given that he was heavily involved at that time, that he initially was engaged to help set up the SDA, as they call it.

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All right. The May report does not recommend a prime contractor model, correct?---That's correct, yes.

When, to your knowledge, was that first proposed and who proposed it?---I can't be absolutely precise, I think during the following month, June, perhaps early July period as Mr Burns did more detailed work, re-planning work, and obviously engaged with the external vendors as well that concept emerged as the preferred option out of that process, which he would have presented to me at one of the regular update meetings, I imagine.

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In your June meeting with Mr Bond that you've already recounted this morning, Mr Bond sought to dissuade you from

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pursuing the prime contractor model, didn't he?---I don't recall me talking directly with Mr Bond about the prime contractor model, it was more around he was concerned that I'd formed a view that CorpTech didn't have a way forward and he wanted to present what he considered to be the way forward from a CorpTech perspective in terms of how they could deliver what's called "schedule 9", I think, proposal. But I'm not sure that we formed the view at that particular point in time when Darren talked to me that we actively pursuing the prime contractor model.

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But you knew that Mr Bond was against the prime contractor model?---Certainly, he had a low level of - he was

uncomfortable in giving the implementation partners a greater role than they had previously.

Did he express to you that he saw that model as being the risky model?---As I say, I can't recall him precisely discussing with me the strengths and weaknesses of the prime contractor model at that point in time.

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Can I just test your memory then? Did he say to you words to the effect that:

A prime contractor model was a greater risk specifically because there was a risk of variations and cost increase in the prime contractor model, and difficulties with lack of scope and clarification and agency resistance to standard offerings and leaving Health until last due to its complexity?

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---I think all of those issues were issues already with CorpTech's implementation approach, so it wouldn't have been of any surprise to me that he would raise those issues in the context of a prime contractor as well.

So whose idea was the prime contractor model then?---My best memory of it is it emerged out of the work from Terry Burns' re-planning project.

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All right. So it's Mr Burns' idea?---It emerged out of that work, I think it came - I'm not sure who was the initial - who first used that term or first proposed it.

But it was a substantial - - -?---That was the way in which I heard about it, yes.

But it was a substantial change from the way things had been, was it not?---Yes.

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And it was a substantial change to the existing business model for the Shared Services Initiative?---For implementation systems, yes.

Yes. I know there's the briefing note to the CEOs of 16 August 2007. Was there any other work done to test this model prior to it being implemented, that is, prior to proceeding to an RFP and then an ITO?---Obviously, by the time we developed that paper, that was quite a detailed paper for the CEO governance committee. We'd already, by that time, had been through a process of market soundings where we got strong feedback from major providers that they supported that model and would be prepared to put forward quite firm proposals for implementation of that model. We sought some independent advice I think around that time.

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Do you recall from whom?---I think it was KPMG, I think, to quality assure the sort of conceptual model that we then presented to the CEO governance group and we discussed it through with the CEO governance group, who were supportive of that concept. Bearing in mind that they had major concerns around the approach that CorpTech had taken to that point in time. 1

Without showing you the document, I'll show you it if you need to see it, but who drafted that document?---The CEO? 10

Yes?---Usually those sort of papers would be developed by - would be drafted by the office within Treasury. I think Declan MacNamara, in particular, was the key officer who prepared those sorts of briefing documents.

Thank you. Now, just moving to the ITO very briefly, Ms DiCarlo was placed on the price evaluation panel. Do you recall that?---Yes, I'm aware of that, yes. 20

She had worked with you in relation to the development of the business model for the Shared Service Initiative? ---Certainly, yes, over a number of years, yes.

And she is described as a person who had your ear?---I don't think that's an expression I would use. She was someone I had confidence in, yes.

It was you who caused her to be placed on the evaluation panel for price?---I don't recall that particularly but I do recall it may have been that Barbara sought my advice around who was a good financial analyst person who could assist her in a process and certainly it wouldn't surprise me if I had recommended Rose DiCarlo because I had very high regard, she's one of our best financial analysts and had a long and deep knowledge of the Shared Services implementation. 30

And for the 16 August document, there is a proposed budget in that and budgetary figures, I think, of around \$153 million, which includes the \$108 million for the roll-out and then the CorpTech cost or government cost? ---Yes. I must admit, I'm not - I would need to look at that document but I thought - I'm not sure whether that was in that paper or whether it was in the subsequent paper to the deputy premier, which sought additional funding for that purpose. 40

But my point is this: Ms DiCarlo played a role in identifying those budgetary figures?---She would have - she may have assisted at that point in time, yes. 50

Yes. Was it any part of your motivation of having Ms DiCarlo on the price evaluation panel that she kept her eye out in relation to these bids to see if they met or

came within the established budget?---No, I don't - no - well, I don't think so. I think I would have recommended her because she was a good financial analyst. We - at that time, we developed a

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very flexible concept, which was put to the Shared Services CEO governing committee and then to the deputy premier where we developed a funding strategy which enabled us then to look at the implementations in two phases and have the ability to manage the implementations in line with our funding so that it wasn't necessary for the bidders to have regard to our funding, it was - but it was always going to be our role then to decide which - having got firm prices gradually, which statements of work we then agreed to implement. So it was not necessary for them to aim or try to achieve a certain outcome financially.

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For the final evaluation report, however, there is an appendix D, which contains an analysis of the IBM bid vis-à-vis the existing budget; that is, how much the IBM bid can achieve for the budget that's remaining. Did you request such a document to be part of the final evaluation report?---I don't know that I would have requested it for the final evaluation report but I would have expected that one of the outcomes of that process would have been some advice about how we could use that existing budget for whoever was the successful tenderer, how we would use our existing budget, available funds to undertake various work, so that we could - it was important at the start of the process and the advice we gave the deputy premier to be sure that we had sufficient budget to implement substantially a prime contractor model because under the arranged you have to have funding in place before you go out to the tenderer. At the end of the process then to demonstrate how we would then proceed within the available funds to enable the ministers to agree to proceed to formally appoint a preferred contractor.

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COMMISSIONER: I'm not sure I follow that. Did you just say that - anyway, ordinarily, before you went to tender, you would have approved funding?---Yes.

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In this case, you would have known that, it was of the RFP processes, the figure being about \$180 million, both IBM and Accenture come in at round figures at those levels? ---Yes, so - - -

And you only had, as I understand it, about \$100 million left in the Shared Services budget?---That's correct, commissioner, so what we did is we went to the deputy premier and put to her a proposal to access internally the internal savings which had previously been proposed to withdraw from CorpTech and to allow - we sought her approval to allow CorpTech to access those funds, which provided some additional 80-something-million dollars, which took then the total budget to around 200 million.

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Within that then, we had to quarantine sufficient funds to implement the existing implementations under way in 2007; I think they were around 45 million, which then left a residual amount of 150-something million. So our proposal then was to use those funds to undertake the phase one implementations and then to the extent that funding would allow as much as we could of the phase two implementations. At some future point in time, if we found that was sufficient, obviously we would need to - hopefully having demonstrated some successful outcomes, need to go back to government to complete the full implementation program.

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Thank you.

MR FLANAGAN: The \$153 million also included CorpTech's cost?---That's correct, yes.

Yes. Thank you. Just going back to the presentation of the May report by Mr Burns, he actually took you through the report in the presence of Ms Perrott and Mr Waite. Correct?---Certainly Geoff was there; I'm not 100 per cent sure whether Ms Perrott was there at that point in time.

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And Mr Waite perceived that the report and what Mr Burns said about the report was critical of him?---I think it was confronting and it certainly had some very confronting things to say. I don't know about him personally but about how the implementation process had been running within CorpTech and the fact that it was unsustainable, and I think he had some other very strong terms in that report, which Geoff had great difficulty in accepting.

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And he, Mr Waite, actually left the meeting abruptly, did he not?---I understand that's what happened. It doesn't stick out in my mind but I know he was very upset at the time; he may have left the meeting, yes.

And thereafter he took leave and never came back to CorpTech?---Look, I think Geoff re-engaged pretty quickly after that, he bounced back, but I think - I can explain my view of Geoff in that - - -

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We don't need that?---In the sense that he was under - he had been through a long period of really, really tough and difficult times and I think that was the final element that really made him fundamentally think about whether he wanted to continue on the role.

And we know how Mr Bond was dealt with because did you know that Ms Perrott at one stage told him he should be looking to his future or considering his future?---Well, yeah, I'm not aware of that in particular. I know that I would have always supported both Geoff and Darrin to remain within their roles and encourage them to do so, but I appreciate though in Darrin's case, his passion was implementing systems and that was coming to an end.

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Mr Bradley, did you see anything wrong in empowering Mr Burns in the way that you empowered him by giving him a direct line for his May review and empowering him by having a direct line to you, and then, having written his report, appointing him to the very position he had recommended in that report and continuing his role by also appointing him or through

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Ms Perrott to head the solution design authority? That is, do you see anything wrong with empowering Mr Burns in those situations in preference to the long serving public servants who had been carrying out this program since 2002, namely Mr Bond and Mr Waite?---Well, I wasn't seeking to empower Mr Burns in preference to any existing person within CorpTech. Indeed, he worked within the structures that I set up at that time in terms of having a steering committee oversighting his work, whether he created a different perception or not, I'm not sure. The role that we appointed him to after the May report was a reasonably focused role, had a - it didn't oversight large staffing resources or anything of that nature, or overlap with a particular role of any other person within CorpTech. It was focused on doing a strategic piece of work around how we could develop a forward program beyond the current implementations. I think in retrospect allowing him then to get to play more active roles through the tender process, in retrospect we perhaps should have done something differently there, but at the time he was a resource who appeared to have the relevant skills.

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Mr Commissioner, do you require me to put exhibit 32 to Mr Bradley?

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COMMISSIONER: I think you should Mr Bradley some questions that were asked of Ms Perrott.

MR FLANAGAN: Can I show you exhibit 32? I think this is also an exhibit you've seen.

COMMISSIONER: Like I said, it's with Ms Bennett's email and Mr Sullivan's rather than the other, but I'll leave it up to you, Mr Flanagan.

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MR FLANAGAN: Yes. Can I take you to page 4 of that exhibit? It would seem that information that came from the evaluation matrix for the RFP, which included Accenture's score and an identified weakness in the IBM bid in relation to offshoring resources, found its way by way of intelligence to IBM. First of all, can I say: is the information on that page that comes from the evaluation matrix information that is confidential to CorpTech?---I would have thought so, yes.

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Does it concern you that it found its way to IBM?---Yes, it does.

Had that been brought to your attention at the time, what would you have done?---Had it been brought to my attention at the time, I would have requested advice from certainly my senior people, obviously Mr Ford and Ms Perrott, at the time as to whether this information was correct, I'm not sure I would have known all of this, and the commercial significance of it. I think we would have then sought a formal meeting with IBM, which we would have raised serious concerns that they had inappropriately had access to confidential CorpTech information and asked them to advise us as to how they would intend to respond in terms of how they had obtained the information, whether it would be used in any to their advantage. I think at that time, 22 August, we wouldn't have undertaken the ITO, but I think it would have caused us to ask questions about whether we should consider them as appropriate people to progress to the next part of the process, and sought reassurance from them about how they would conduct themselves at such a time. I think we would have obviously had very careful consideration to whether we needed to disclose to other parties, Accenture, I imagine, that this information had been accessed in some way and whether that prejudiced their commercial position or intention to be involved in further stages of the process. I think we would have taken it very seriously at the time.

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Thank you. You say you may have excluded them from the ITO process, would that have depended on - - -?---I'm not sure I would have got to that step without having first given

them appropriate opportunity to respond and to reassure us about - - - 1

Yes, that was going to be my question. That would have depended on the response you received from IBM - - -?
---Yes, and the advice we would have had from our probity or legal advisors at the time.

All right. Can you turn over the page then to page 5? It's the second paragraph we're interested in, this is 29 August 2007. I should tell you by 20 August 2007, Ms Perrott had sent a letter to all vendors identifying that Accenture and IBM were the best two tenderers, and that the government would be proceeding to a more formal process?---Right, yes, Obviously, it's very concerning that they would be seeking to access CorpTech files in some way. 10

The reference there is to vendor proposals on the G drive. You appreciated that Mr Salouk had specifically brought to your attention Accenture's concern that if you didn't contract from the RFP process that information confidential to Accenture could be leaked to the market?---Yes, I recall him - certainly, it was raised at that meeting you referred to, yes. 20

All right. Thank you. Now, what would you have done had this been brought to you attention at the time?---Again, I think we would have been very concerned and would have raised and sought a response from IBM as to why they were acting in that way. 30

Can I take you then to page 2, and could I also ask you to just familiarise yourself with page 3, the very top of it? There's two aspects to it. First of all, this would seem to be an email written by - well, it is an email written by Simon Porter of Accenture. You knew him?---Yes, I did; yes.

And can you assume for present purposes that it was sent to Mr Pedler of SAP? Yes? Just assume that, if you would? ---Okay, yes. 40

You knew Mr Pedler?---Yes, I knew of him; yes.

And you knew both were tenderers in the RFP process?---Yes.

SAP ultimately drops out in relation to the ITO process - - -?---Yes. 50

- - - but at this stage that - what is being sought in relation to the RFP process is that it's a record of Mr Porter's meeting with you and other Accenture people, with you and Ms Perrott on or about 2 August 2007. Yes? ---Yes.

That was a meeting with Mr Salouk, Mr Porter and others?
---Mr Snedden.

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Mr Snedden, and also yourself and Ms Perrott and Mr Burns, yes?---Yes, there may have been some other CorpTech people there. Yes.

All right. Does anything concern you about the body of the email itself, that is, that Mr Porter is seeking to have a SAP representative sound Ms Perrott out about price or appetite for price?---Yes, I find that very peculiar conduct, to be honest, that they would seek to interact with Ms Perrott through a third party. I think if they wanted to know information about our views on resourcing of the project, I can understand why they wouldn't have sought that direct.

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And they also seem to seek feedback as to how their meeting with you went on 2 August?---Yes, through Ms Perrott, I imagine. Is that what they're - - -

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Yes?---Again, I think they could have - I'm sure Mr Simon Porter could have phoned or contacted Ms Perrott and asked for her feedback direct, I don't know why he would have thought it appropriate to act through a third party like that.

The third party he's acting through is actually another opponent in the tendering process at this stage?---Again, which seemed very strange and unusual to me, conduct.

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Just assume then that this email or this intelligence has been passed onto Mr Bloomfield, and then Mr Bloomfield passes it onto another IBM representative and he says, "We can speak on Sunday about how we allow for this in our presentation." Have you got any concerns about the information in that email, including the information that Accenture was going to put in a not to exceed price, being used?---Yes, certainly, I think having access to a competitors information around how they proposed to structure their proposal is a serious concern, and had we known they had inappropriate access to that we would have obviously asked them quite seriously about their capacity to - - -

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Sorry, go on?---Their capacity to continue in the process.

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Yes. Can we take it in stages. What would you have done had it been brought to your attention that Mr Porter was seeking to use Mr Pedler for the purposes of sounding Ms Perrott out about price?---I certainly would have requested David Ford to speak with Mr Porter about that sort of conduct and instructed him that if he wishes to - it's not appropriate to seek to find, you know, information out through third parties without us understanding that it's on their behalf. I would have thought we would have been very strong on the basis that was inappropriate conduct.

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What about for the SAP representative who is requested to do this?---Obviously we'd have to talk with him and say, "You shouldn't be acting on behalf of a third party." I mean, SAP were in the favourable position that regardless of which approach we took, they were likely to be - continue to be the main software provider, so they were in a privileged position, I guess, but they shouldn't have been favouring IBM or Accenture in any discussions or any contractual process that was under way.

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Assuming you went to Mr Pedler, Mr Pedler's not just been asked about sounding Ms Perrott out for price; he's also being asked to find out what the feedback was from Mr Porter's meeting with you, but also to find out what meetings IBM are having with you. Yes?---Yes.

Does that suggest a level of collusion there to you between - - -?---Yes, it is concerning, yes.

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- - - SAP and - - -?---It is concerning, yes.

All right. Thank you. Now, what would you have done in relation to Mr Bloomfield and IBM had it been brought to your attention that there was a proposed use of this information contained in the email?---Obviously that material in the middle of the paragraph around how they were intending to structure their proposal is, I imagine, commercially of value to Accenture and obviously to IBM to an extent; although, the commercial significance from CorpTech's point of view, a not to exceed approach wasn't something we had placed great weight on as a particular approach, but nevertheless it's not something that should have been shared with the competitor.

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All right?---So I think, yes, obviously we would have had to have taken and taken process with all three of the parties involved in this particular email and then given careful thought to how we need to design our ITO process to ensure more appropriate conduct and sought very strong undertakings and indeed whether certain individuals should have been allowed to continue being involved with some of those processes in terms of whether they were ethically appropriate or whether they should be excluded from the process. That, in the case of Accenture when we discovered

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that they had access to some material, they then terminated that relevant contractor and he took no part, I think, as I understand it, in the process. I would imagine - I would expect similar strong action by Accenture in IBM, perhaps, had they continued - obviously if they continued on through the ITO process.

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May I ask you to see one final document, it's in volume 33, page 32 - page 36, I'm sorry? Did Ms Perrott ever bring that to your attention?---I recall - I'm not sure of the detail of this but I can recall being made aware of concerns that there'd been inappropriate access of CorpTech files and that they had undertaken some various checks and were unable to identify any such event occurring or, indeed, who the party involved might have been, which particular document they were seeking that might have been accessed, I'm not sure I knew that detail, but I was aware of the issue, yes.

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Thank you. That's the evidence of Mr Bradley.

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COMMISSIONER: Yes, thank you. Mr MacSporran.

MR MACSPORRAN: Thank you, commissioner.

Mr Bradley, you mentioned the service delivery performance commission's report that came down about July or so 07 had identified a number of problems within the SSI implementation?---Yes.

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One of those was the fragility of the LATTICE system?
---Yes.

And I think it was suggested to you that Mr Bond had told you that he didn't think it was such a serious issue and your response was that you had taken the advice of the expert, Mr Hood, in that area?---Yes, certainly. I apologise. I was certainly aware of that issue being very clearly set out in the service delivery performance commission report and various meetings that I would have had with the senior management team in CorpTech. Mr Hood would have taken us through the issues relating to the risks of each legacy system and in fact we did report regularly to the CEO governing group around those sorts of issues.

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What did Mr Hood - briefly, what did Mr Hood tell you was the problem with LATTICE? What was his expert view on that?---Well, his expert view was that it was - had very limited period of vendor support and that was due to cease around the middle of the following year and he was very concerned about our ability to support the system in the absence of vendor support or the risks would become - would have to be managed by CorpTech for such a large system and being - looking after so many, you know, large employer

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group - employee group, rather, so it was an issue that we were very concerned about and he certainly was very concerned about it, having responsibility for ensuring that every fortnight that 60,000 people, 80,000 people, whatever the number was, in Health were paid.

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All right. And did you take the concerns expressed by him seriously?---Yes, I certainly didn't think I could do nothing. I certainly didn't think that we could not - we could not consider how we would respond to that significant challenge.

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Now, you said that Mr Burns or you would agree that Mr Burns had a direct line of access to you whilst he did his May review in 2007. You said by June, I think, you said he no longer had that direct access to you, but can you tell us the process, how that changed?---Well, during May he had - I had him to provide me with regular progress reports so that I was aware of what he was finding during his review work. We do that process though when we decided to use him in a more ongoing review role, his - the arrangements were set up so that he reported as part of the CorpTech management team, so he worked, obviously, under the - he reported to Barbara Perrott and was required to keep her informed about any activities that he undertook and so that any meetings that occurred from that point on would have been as part of the normal regular fortnightly meetings where I met with the senior team within CorpTech as part of the management process that we had in place.

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So he would simply be part of that team when he came to see you?---Yes. So it works with a range of issues and topics that CorpTech has in terms of their business issues and there would usually be an update from him around how that particular project was progressing.

You told us that Mr Waite left CorpTech once Mr Burns had reported his May review?---Yes, I think he took leave after that May review and I think he might have formally left. I'm not sure of the precise date. Maybe towards the end of June, something like that, yeah.

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Now, I think your evidence was you'd have preferred Mr Waite to stay on?---Yes, I would have been - I think while Mr Burns identified difficulties and weaknesses within CorpTech, I guess my view was that they should be addressed by putting in place appropriate governance regimes which he recommended around the project management to support Geoff Waite rather than certainly bring into question of Geoff's role. I think I had to obviously make Mr Burns aware of the fact that CorpTech had a much bigger role than just systems implementation, it had a very big role in managing all the finance and HR systems across the whole of government, so it had - a huge component of its activity was the business as usual work around ensuring finance systems were in place every day and that payroll systems were there every fortnight, obviously, to undertake. So he played a much bigger role and had a very important role in terms of managing relationships with all the various agencies as well. But certainly the - then he had obviously the very challenging role around systems implementation and needed stronger support there. It was unfortunate that both he and David - we'd lost some good senior people who'd previously been in those sort of roles who'd gone on to other agencies because they were in high demand, those skills, and so that they were obviously under-resourced in some of those areas.

Did you encourage Mr Waite to stay?---Yes, I certainly did. When he went on leave he obviously had a very careful think about things and he was looking for a significant change in lifestyle. Having discussed it through with his family he was concerned that he put himself under too much pressure over a long period of time and had some views around what he wanted to do personally. So while I - while it was clear he didn't wish to continue in that role, I also talked to him about either other roles that we can find for you in the portfolio. I would have been keen to retain his services if I could.

Thank you.

COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you.

Mr Bradley, the Service Delivery and Performance Commission Report, which was ultimately tabled, I think, in July, you had an advance copy of it in March. That's right, isn't it?---Yes. I was actually a Commissioner on the Service Delivery and Performance Commission - - -

You had a very advanced - - - ?---I was closely involved through that process and I stepped back from the commission at the end (indistinct) but I was given a copy of their report at that time, yes.

And if I've understood you correctly, one of the things that you were asked to do - that is, you as Treasury was asked to do - in response to that report was provide some report back by the middle of this year about what you were going to do about some things?---That's correct, yes. 1

And those things included the replacement of the legacy system at Queensland Health?---Yes.

And the Department of Education, Training and Arts?---Yes.

And no doubt other things?---Yes. 10

And that would, in March 2007, have represented something of a recent change in the way those departments were positioned on schedule 9 for intended roll-out?---Yes. Seeing the commission had raised concerns around the current schedule, potentially leaving those agencies exposed once vendor support ceased in the following year and not having them further up the implementation schedule was a significant risk for government.

Right. There's a document I won't take you to which suggests that there was a recent change in the program relating to Queensland Health and the Department of Education, Training and Arts by the middle of March, and doing the best you can, the change that you could identify would be the sort of - at least a serious consideration that those two departments should be advanced up the schedule of roll-out?---Certainly, yes. 20

Thank you. Now, you've told us of Mr Burns' involvement, or at least your knowledge of his involvement. I wasn't proposing to take you through much of that but it is right to say, isn't it, that to your knowledge he was not given a briefing as to protocols he had to comply with in doing whatever he was doing in May?---Whether it was formally done, no. It may have been an oversight on our part but he was - - - 30

(indistinct)?--- - - - expected to have discussions with advisers, but the precise way he conducted them, I don't know that we gave him precise guidelines around that.

Right. So that you're not able to say that you know he was given any?---No.

You expected that he should have been, but you expect now that he wasn't. Would that be a fair summary?---That is to be the case, yes. 40

Okay. But what you know he was to do was to engage with the - amongst other people, with the suppliers? Yes? You've got to answer with a word?---Yes, sorry.

And to seek to attain from them identification of what the problems were as they saw it with the existing roll-out program?---Yes. 1

But more importantly to try to identify innovative and expansive way - to come up with some ideas that about how it might be done better for the future?---I think the answer is yes but probably at different points in time the emphasis shifted, so I think the May work was more around identifying the issues and possible ways forward; but then certainly from May on through, it will be planning work to certainly engage and develop with the suppliers, alternative strategies. 10

All right. Let me put it - there's a higher level of generality in May is to identify the problems and possible ways forward, and later on the possible ways were to be defined by more specific proposals if that was possible? ---Yes. Certainly, yes.

And it was your appreciation at least in early May that the way things have been done to date was not the way it could continue to be done in the future?---Yes, we certainly - from the initial arena work and also based on the work of the Service Delivery and Performance Commission, it seemed we needed to make significant fundamental change to the way in which CorpTech undertook its systems implementations. 20

And if no other message was given to Mr Burns it's pretty clear he was told by you that that was the case, that it could not go on the way it had been being conducted?---I think that was certainly the view although I think that few firmed up through that May period as he went through and looked into the detail of the actual likely - he came up with some very concerning ballpark costs which I think were probably at the extreme end, but certainly when numbers that the government could never contemplate, I think. 30

Very good. Well, let me ask you to your state of mind, really, and put it at the end of April to avoid any confusion with what might have happened in May. At the very end of April view certainly were of the view that something had to change. Yes?---Yes. I think the April work alerted me to the fact that we needed to take some immediate action. I certainly - I was also - obviously at that point in time I'd had the view from Geoff Waite that he was uncertain of where to go to from that point on and he was unsure about that and he needed guidance, so we needed to give some - develop a process to give us a some immediate sense of direction. 40

And one of the things then that it is likely you had in your mind that Mr Burns would do is try to identify different possible ways in which the program could proceed other than the way it had been proceeding?---Yes. Certainly I think two parts: firstly there's what we can

do to essentially stabilise the current program in terms of a very high spend that had been occurred; and then yes, think through strategies for how we could then seek to put in place governance and other arrangements to put us in a position where we could undertake a major strategic piece of work to identify the way forward.

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Right. You keep talking in the "we" as in what you as a group would try to do, but you certainly intended that Mr Burns himself would attempt to identify possible new ways of doing things in his May review?---He was certainly the key person, being the catalyst help on that occur, yes.

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And another aspect of that was a hope, at least, that he would explore possible ways of achieving a competitive atmosphere or environment for the delivery of the program?--He certainly identified that there was a lack of pressure, if you like, or pressure on the vendors - or the suppliers, rather -to perform, and we needed to find a way to make them focus on delivering outcomes for us. Certainly a competitive atmosphere might have been part of that.

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All right. So you'd at least expect him to be thinking about how that more competitive environment might be proposed to be implemented in the future?---Yes. 1

And talking to vendors about how that might be possible? ---Yes, but without taking it to - - -

I was going to say, you've been shown some documents today, including one of 15 May 2007, in which he talks about finalising negotiations with vendors. Assume for the moment that's what he says, that would be an overstep by him of what you had asked him to do?---Yes, essentially I wouldn't have expected him to be finalising negotiations, I'm not sure what the negotiations would have related to. 10

You wouldn't expect him to be negotiating contracts at all? ---No.

Either in May or at all?---No, I would have thought that any contracts would have, depending on what they were intended to be, would have been negotiated through the normal CorpTech arrangements. 20

And ultimately that's what happened, that's the way the contract was - - -?---Yes, we went through formal process steps, that's correct.

To the extent to which he's telling suppliers he is negotiating with them, or that he can - whilst he can't guarantee them something given them a hint that he might be able to, that's a complete misunderstanding by him of what you had asked him to do?---Yes, if that's what he had told - - - 30

All right. Make that assumption that he told people that, that would be a misstatement by him of his role?---I would think so, in terms of his brief, yes.

Thank you. Just excuse me. You're aware of the email of 25 July which people have been referring to as the "RFP"? ---Yes, I am. 40

I'll have it shown to you, if I can, volume 28, thank you. If you turn to page 548, you should have there a version of that email. The same one was sent to everyone, but the one I'm showing you is the one that was sent to IBM. Do you have that?---Yes.

And you've read it before today, I take it?---I don't know that I have to be honest, in recent times, but, yes. 50

I'll ask you a different question. Do you recall seeing it back in July 2007?---I'm not sure I actually saw it at the time, I was aware they were undertaking the process, I'm not sure I actually saw this particular email.

I'll give you some context which you may need to answer my question. You know, don't you, on 29 June - just try to bear these dates in your mind - 29 June 2007, various suppliers were invited to a supplier briefing which was to occur on 2 July, and that was a number of which people are guesstimated at about nine suppliers, of that order of things. That supplier briefing took place on that day, attended by a large number of supplier representatives, and the presentation was conducted by Mr Burns and Mr Goddard. Now, were you aware of that having occurred?---I'm not personally aware of it, no. I'm not surprised that it occurred, yes.

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In response to that, some ideas or some presentations were made in the middle of July, and then it was followed by sending this out to each of those suppliers, and I'm going to ask you to look at it, with a view to exciting from them a further presentation.

COMMISSIONER: Wasn't the second list of invitees smaller? Weren't there four recipients of this email?

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MR DOYLE: It may well be.

COMMISSIONER: I thought the supplier there you mentioned involved nine or so and at this one there were only four.

MR DOYLE: I'll ask you to assume that, Mr Bradley. This one we know that the four that we know of, Logica, Accenture, SAP and IBM. You can assume that anyway. Now, it says, "The key information that we're looking for in the form of a firm proposal is," and then it lists various things?---Yes.

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The first one is to ask, "s the company," and it varied for each email, "prepared to enter into a prime contractor role across the whole program?" Do you, now, recall that in late July suppliers were being asked to identify whether they'd be prepared to do that?---I was aware this process was under way at that time, yes.

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Thank you. Then if you look down you'll see it says:

Following on from your concept approach presented recently, could you now provide cost ranges and time scale ranges to complete the scope as defined in your approach? We understand that these are price ranges only, we are anxious...

Do you see that?---Yes.

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What you're aware of was a process where people were asked for cost ranges to assist in some CorpTech internal assessment of them, yes?---Yes.

You know that it was intended that the process be that those proposals be collated by 7 August?---Yes. 1

You may not remember the date?---I recall that was when presentations were asked for, yes.

The process, it says, is that:

We wish to collate these proposals from all interested suppliers by 7 August, and we suggest that you may wish to make a presentation to the senior management group before this date. 10

That's the email that you were referring to earlier when you referred to there being an invitation to make a presentation to the senior management group?---Yes.

In respect of IBM, do you recall that the presentation was made on 6 August?---I don't recall the precise dates but I knew it was - I attended one myself, I can't recall whether it was the 6th or 7th, but certainly around that time, yes. 20

Okay. And that the Accenture, for reasons which aren't questionable, delivered it twice, once on the 7th and once on the 8th, I think because someone wasn't able to attend on the 7th?---I wasn't able to attend so I think they did a smaller group - - -

The next day?---The next day, yes. 30

All right. So that's the presentation to the senior management group which is called for by this email, and you can assume Logica did the same and SAP did the same as well. Did you attend the Logica and SAP presentations that you can recall?---For some reason the IBM and Accenture are clearer to me, I'm not honestly sure whether I attended the other two.

Now, quite apart from those presentations there was an approach for Accenture to meet with you and Mr Ford and Ms Perrott and Mr Burns, to which you've been taken - - -? ---That's correct. 40

- - - with some senior Accenture people?---That's correct.

And the object of that, you were given an agenda for the meeting before hand, were you?---I've heard references to an agenda, I'm not sure that I was given an agenda before the meeting. I understood they wanted to have a high level of discussion and to introduce Mr Snedden, I think, at the time. 50

And it went for about an hour or more? You were there for an hour?---I think I only attended for the first part of the meeting, I'm not sure how long the meeting went on for after that period of time.

But you can recall, can't you, that apart from introducing Mr Snedden there was a presentation by Accenture, for the time you were there at least, of what they were going to propose to

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CorpTech?---I'm struggling to think whether there was a formal presentation, it's that far back I'm not sure whether it was a presentation, whether they took us through a series of dot points or something like that.

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That's what I was going to ask you. Do you recall them having either a PowerPoint presentation up on a screen or a PowerPoint presentation handed around?---For some reason, I think, I don't know why I can recall this, but I think the meeting might have occurred in what we call our "small conference room" where there weren't PowerPoint facilities, so that's why I think it might have been all - - -

Paper?--- - - - paper, yes.

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Right?---If there was indeed paper, but I'm not incredibly confident about saying that.

Okay. But you can recall at least them explaining to you that some key features of what they proposed?---Yes, the broad approach they were intended to take, yes,

And to identify to you the advantages they saw in some of those key features?---Yes, I would have thought so. Yes, in was in a sense presenting their credentials, and I think with Mr Snedden trying to demonstrate their high level commitment to their proposal.

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Demonstrated by explaining to you what they were proposing and what they saw as the strengths of it?---Yes, and why him being there in a sense of a senior person.

And also to sound you out as to whether what they were telling you met, or at least seemed to meet, your objectives?---They may have sought that, but I can recall more so them wanting to see if the way they were going about it was - yes, I guess whether it was what we required in broad terms.

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That's really what I'm after?---Yes.

Admittedly, in an hour you can do the whole of anyone's presentation?---Yes.

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So it was high level and picking out some key points? **1**
---Yes.

And I'm not going to suggest to you it was the complete presentation - - -?---No, that's correct.

- - - which you know they had set aside a whole day for on 7 August?---Yes.

But they identified some of the important features of their presentation - - -?---Yes. **10**

- - - and sought, really, your reaction as to whether that was meeting your objectives, whether they were hitting the right notes. Would that be right?---Yes. I think we might have been fairly cautious about that and had seen the detail of how we could have a view for them on some aspects of it.

Sure. **20**

COMMISSIONER: Sorry, you were cautious or they were cautious?---I think we were cautious. I guess I'm thinking more around the approach that they had around this not to exceed concept, which I think at that time we weren't sure was an approach that would suit our purposes.

You mentioned earlier there'd been a meeting of providers or suppliers in which you said there was a strong support for the concept of the prime contractor role. Was that the 2 July meeting, was it, that Mr Doyle's mentioned?---No, I'm sorry, commissioner, I think I was simply making the statement that it was my impression as a result of the RFP process that there was strong - - - **30**

Oh, I see?--- - - - interest from - - -

I thought you mentioned there was an earlier expression of interest by the supplier referred to the RFP process or gaining confidence to move into the RFP?---Certainly at that time we'd done what I'd call - I think some people refer to as request for information; others - I had in my mind it was like a market sounding that there was appetite to explore this sort of model before we then went to the RFP step. **40**

Yes. That's what I thought you were saying. And was that market meeting or the RFI, was that the 2 July meeting that Mr Ford convened?---I would have thought there would have been discussions that occurred subsequent to that or through that June period there was market soundings of various suppliers about their interest in that concept. I'm not referring to a particular meeting, sorry, commissioner. **50**

Oh, I see. Thank you?---Yep.

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BRADLEY, G.P. XXN

MR DOYLE: I'll be coming back to that, I think, shortly. So that you - I'm going to show you some documents which you may or may not have seen before which were leading up to you having the meeting on 2 August. Do you understand? ---Okay. 1

I'd like you to have volume 32. I'd ask you to open it at item 30, which is towards the back, and I want you to go to page 2. And halfway down the page, you'll see there's an email from Simon to Terry, which is Mr Porter and Mr Burns? ---Yes. 10

And for my purposes, just - I want to direct your attention to the second paragraph where Mr Burns - sorry, Mr Porter's seeking to set up the first of two meetings. Right? It says, "1 August, two hour key issues meeting workshop. At this meeting, we'd prefer to keep the audience small and the executive level," et cetera. Do you see that?---Yes.

Now, it was necessary, I suppose, to make sure people's diaries permitted this meeting to take place. Do you recall if you were - if you had seen this email before, ahead of your meeting of 2 August, to see if you're available to have a meeting and if you're prepared to have one which was a key issues meeting and workshop. Do you understand the question?---Yes. I'm not sure if I personally saw this email. I imagine that the relevant people who organised my diary might have seen the meeting that was sought and then requested my view as to whether I would be willing to have such a meeting at the time. I may have seen it; I'm just not 100 per cent sure at the time, but - - - 20 30

Turn back to page - - -?---I've certainly seen it since.

I understand. Right. Turn back to page 1. You'll see at the top of the page there's an email sent from Trish Brabyn to Mr Porter, which says, "The high level agenda for the meeting will involve" - sorry, it's the other way around. Ordered to CorpTech. 40

The high-level agenda for this meeting will involve discussing our plans for the executive level of governance of the program, including the organisational structure and proposed contracting model and approach.

Now, before you have the meeting, you knew that's what was intended to be included, at least, in the matters discussed?---I would think so in broad terms, yes. 50

And those matters, amongst others, were in fact discussed at the meeting you attended?---I'd imagine so, yes.

Okay. And you had no difficulty in attending that meeting, knowing that these things were going to be discussed?--No. We were seeking to assist all of the potential bidders in a way that - to encourage them to put forward proposals, yes.

1

Right. But the system in two ways - one is to give them whatever information they needed, in many ways, give them whatever information they needed - - -?---Yes.

- - - give them feedback about whether what they were saying sounded like it was meeting your objectives. Yes? ---Yes, in broad terms, yes.

10

Yeah, broad terms. And to make time available to enable that to be done ahead of the presentation of the senior management group on the 7th - the final presentation on 7 August?---Yes.

Now, as I apprehended, you said that there was - you have some concern about IBM doing that with Mr Burns and Mr Goddard?---I would have - it wasn't my expectation, I think, having seen the material. I thought they might have sought to engage, and I thought IBM did seek to engage indeed with the senior management, and I thought a meeting had been scheduled that day. I'm not sure what the purpose of the subsequent meeting on the following day - - -

20

Your recollection is you weren't able to attend - - -? ---That's correct.

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- - - that meeting with IBM?---That's correct, yes.

Okay. But if a supplier wanted to ask for - we're talking about in late July, early August 2007, wanted to obtain some information concerning the program, wanted to see if what they were proposing was meeting the objectives of what CorpTech was looking for, and needed to have some time set aside for that, a sensible person to approach for such a thing would be Mr Burns?---Yes. Certainly he would have been a point of contact, that's correct, yes.

40

Right. So sitting there now, there's nothing wrong with a supplier contacting Mr Burns saying, "Look, I want to have a meeting with you to go through some of the key issues that I'm going to put in my proposal, to explain them to you to see if they're meeting the CorpTech objectives, and, you know, you can tell me where I'm wrong or where I need to look more deeply into the matter?---No. Well, I would have thought they would have already explored that by that time with Mr Burns. I thought this was more intended to be an opportunity to engage at a different level, but, yes.

50

So you think by this stage a supplier might be looking to engage at a higher level - - -?---Yes.

- - - but consistently with your view that you really also expect the supplier would have already engaged at the lower level with Mr Burns before hand?---Yes. I would have sought private information at that - you know, through that period, I imagine, once the process had commenced.

1

Thank you. Now, I did understand you to say earlier and perhaps I'll take you to paragraph 92 of your statement, please. Do you have that there?---Yes.

10

You were taken to this in the course of your examination by Mr Flanagan and I understood you to say that after the RFP process you thought - "We were all very hopeful that in the ITO process Accenture would come through with a stronger proposal," that is the words you used?---Yes. I think we were hopefully, obviously, both bidders would.

Yes?---Yes.

It arose because you were really being - you were asked to address the question of whether you understood Mr Burns had a preference or a pre-election towards IBM?---Yes.

20

And you gave the answer that I just read to you?---Yes.

And so it's after the RFP process and ahead of the ITO process. Who was the, "We were all very hopeful"; who's the "we" in that?---Obviously between Mr Burns and myself, I guess, at the time, but I guess the people within - senior people within CorpTech were hoping that by going to an ITO process we would encourage the proponents to put forward a stronger proposal than they had in the RFP process.

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Right. And you can recall that being discussed, can you, with Mr Burns?---I've got some memory of us, yes, having that view that we were hopeful of getting better proposals at the next stage, and by having a more rigorous process as well at that point in time where we provided much more clarity and more information around the sorts of proposals we were seeking to receive, and the basis for contracting at that point.

1

All right. I'll come back to that, if I may, in a moment. Can I ask you to take up exhibit 32, and go to page 2? You should have that email, it's from Simon, down the bottom? ---Yes.

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You know it's not a CorpTech email?---Yes.

And you know it to be an Accenture email?---Yes.

And that it was freely released, I want you to assume, to SAP?---I'm led to believe that, yes.

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I'll ask you to assume it?---Yes.

And I want you to assume that it was passed by SAP or by someone else to whom it was released onto IBM?---Yes.

Now, on that basis, Accenture, for whatever may have motivated it, if it chooses to reveal to SAP information about Accenture's bid that's not a matter of concern to you?---I guess my only concern would be it seems very unusual conduct, and whether that might give some particular advantage to SAP if they were intending to go forward in the process.

30

Let me approach it slightly differently. Putting aside the suggestion of any collusion between Accenture and SAP just for the moment, and I'll come back to that, if Accenture has confidential information and it wants to give it away to SAP you can stop them, that's got nothing to do with you?---No, correct, yes.

40

And if SAP then getting wants to give it to IBM, that's got nothing to do with you? Putting aside some suggestion of collusion, what's to be done with that information?---I think SAP giving it to IBM without the knowledge of Accenture was, I would think, a concern.

Concern to Accenture, you might think?---Certainly, yes, but also a concern as to whether it impacts the competitive process from our perspective.

50

Right, the process at that stage may well be affected, you think, if Accenture releases its confidential information to SAP and SAP passes it onto IBM, and you, CorpTech, would be deprived of the competitive environment you were hoping

for if the information is being passed between suppliers. 1
Is that your concern?---Potentially, yes.

All right. The RFP, the email of 25 July, is a very
informal means of inviting responses from suppliers, you'd
accept that?---Yes.

It doesn't identify protocols or regimes which are to
govern the provision of information or the controls over
who is to have access to it?---Yes. 10

Certainly, there's no protocol, it says, in relation to
that document that a company, IBM, is prevented from
receiving information given to it by SAP or anyone else for
that matter?---No, given that SAP had a central role as the
software provider, it wouldn't have been surprising that
each of Accenture and IBM would have had engagement at some
level with SAP.

However, the email, it's right to say, does cause you 20
concern on a different level, and that is I want you to
assume that the SAP person to whom it is send is Mr Pedler.
You know him to be a senior man in the industry?---Yes.

In the IT industry?---Yes.

SAP, at least, would appear to CorpTech to be relatively
disinterested because whomever gets the deal SAP software
is going to be used?---Yes, certainly they were in a strong
position regardless of how this process would have 30
proceeded. Yes.

I think you describe it as a "preferential position"?---
Yes, I mean obviously they had the - - -

"Privileged position"?---Privileged is the term I used, in
the sense, yes, that they were always going to continue to
be the provider of the software which was really their core
business. 40

Such a person could appear as a disinterested senior member
of the industry having a word with Ms Perrott about the
things which this email contemplated, that he would have
words with her about them?---Yes, although we wouldn't
expect that such a person would then favour Accenture over
IBM if they were aware they were engaged in a competitive
process.

And it would concern you if a person appearing to be 50
relatively disinterested and independent was sounding out
Ms Perrott with a view to determining just how much the
government would pay if that was to be passed onto
Accenture?---In a preferential way, yes.

Yes?---Yes, that would be of concern.

If it was to be passed on only to Accenture, put it that way?---Yes, I mean if there was information which the opponents or bidders were seeking, that should have come through both of them, or us providing that information to all opponents.

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All right. Mr Porter was, and I'm going to ask you to assume, seeking to have Mr Pedler make that approach to Ms Perrott without saying he was doing so on behalf of Accenture in order to obtain information and pass back to Accenture, that would cause you to at least investigate the conduct of Mr Pedler and Mr Porter and whether their companies should be further involved in the tender process?---Yes, I would ask them to certainly advise me on how they explain that particular conduct.

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Thank you. If you go then to sheet 4, this is an email dated 22 August, which I take it you've only seen recently? ---Yes.

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You know from being involved in it that the decision to go with the prime contractor model and to offer an ITO was made at a meeting on 16 August?---That's when the CEO committee I think endorsed that strategy, yes.

That's the ultimate tick on that's what's going to happen? ---Yes, although then were subsequently then prepared a brief for the deputy premier where we formally asked for her approval to - and treasurer - to proceed with that ITO process.

30

Thank you for that. On 20 August, all of the people who responded to the RFP was sent a letter by CorpTech which said, amongst other things, "The two most highly rated under the RFP have been Accenture and IBM"?---Yes.

Clearly, you have no difficulty with people being told that's the outcome of the process?---Yes.

All right. In terms of this document, what can I ask you troubles you, it is not so much the data in it but the circumstance that suggests information is not secure within CorpTech?---Certainly is concerned that information, yes, is not secured but also that this information is being given to one party in particular, whether the commercial significance of it is a matter I'd need to seek advice on, but it's a concern that detail has gone out of the organisation, yes.

40

Out of CorpTech?---Yes.

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And you'd want to make sure in some way if you had become aware of this kind of thing occurring, at least you'd want to make sure that CorpTech's systems were made more secure? ---Yes.

Had you, prior to the end of August, become aware of any problem with the security of systems within CorpTech?---As I mentioned before, I don't recall the precise timing but I recall this issue of inappropriate access to CorpTech network or systems was an issue that I was aware of around this point in time. It may have been as a result of IBM raising it with Mr Burns, I'm not sure, but I can recall it was an issue that came up in one of our meetings where they briefed me that they'd checked and found that there wasn't - they couldn't identify any inappropriate access and, indeed, if anyone had tried to have inappropriate access at that time.

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Well, so then we're clear, you can recall becoming aware around about August of a complaint by IBM or a suggestion by IBM that there was a capacity for inappropriate access to CorpTech documents?---I can recall the issue of the - I have a recollection of the issue. I'm not quite sure that I knew it was IBM who, at that point in time, had raised it or not, but - - -

1

All right. I'll ask you to take up volume 6, please. Would you open it to page 250. Now, you've got a letter that - - -?---Yes.

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You should have there a letter of 26 October 07, which has, Re: Security of SSS Program Documentation?---Yes.

I'll ask you to assume, if you don't remember, there was an event around about 18 October where a subcontractor from Accenture has been able to obtain inappropriate access to CorpTech's network?---I can recall the incident, yes.

20

You can recall that?---Yeah.

I don't want to ask you about that for the moment, but you'll see this letter also refers to a similar complaint having been raised with Ms Perrott on 23 August and, again, subsequently. Do you see that?---Yes.

Now, do you recall her discussing with you that there'd been a complaint by Accenture about such a thing around about 23 August?---I can recall this general issue being one that was of concern around that time. Sorry, I don't recall whether - I hadn't realised that Accenture had raised it until you pointed that out to me as well.

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Well, I'm going to show you another document. Volume 33, please, page 36?---Yes.

And I think Mr Flanagan took you to this but it records - and this is an email from Mr Burns to Ms Perrott, which starts with, "IBM called me yesterday." You can read that?---Yes, I've seen that email, yes.

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Now, can you recall that complaint sort of filtering up to you at the end of August 2007?---Again, I can recall the issue of CorpTech security being raised. I don't recall particular - where that concern came from at that time, but I recall they advised me that they had checked the system and they weren't able to find any sort of breach of their security, basically.

50

Okay. But you at least were aware then whether it's the Accenture complaint or the IBM one, this issue having been raised at the end of August?---Yes. I think my understanding at the time was they - to the extent they thought there were weaknesses in their systems that they had strengthened their security around that time.

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And you were also aware of Ms Perrott's more general concern that within CorpTech there was a body of people, some of whom were public servants, some of whom were contractors for and employees of the suppliers, all of whom had access to the CorpTech information, CorpTech network? ---Well, they should have had only limited access to things that they were required to work on. They shouldn't have had access to the general, I guess, managerial material, if you like.

1

I agree with you that they should have had access to that, but I'm asking you: are you aware of Ms Perrott explaining to you that she had a concern about the access being not quite as controlled as it perhaps should have been?---I can recall that issue being raised and I think, yes, they did indicate that they were seeking to increase security over particular components of their filing system or - - -

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So it wasn't only the supplier's complaints, it was Ms Perrott's own initiative to identify this is an issue which required some sort of attention?---I'm not sure whether one followed the other or - - -

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Okay?---Yes.

So that you were aware at least at the end of August that it was possible for leaks to occur from CorpTech where information would become available that shouldn't be?---I was aware that was an issue of concern; I wasn't aware of any identification of that having occurred, but it informed our views around how we then had our process designed for the ITO process subsequent to that, yes.

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Now, the concern about - you would have a concern if a supplier itself accessed the LAN to obtain information inappropriately?---Certainly, yeah.

That would be poor conduct on the supplier's point of view? ---Certainly, yes.

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And poor security management on behalf of CorpTech? ---Certainly, yes.

You'd also have a concern if CorpTech staff or contractors learnt things then went out and started chatting to people about them, spreading rumours and telling what they'd seen? ---Yes. I think that would breach codes of conduct and requirements around confidentiality.

That would be poor conduct of the CorpTech employees or the contractors, whoever they might be - - -?---Yes.

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- - - who were spreading these stories?---Yes.

And also reflective of poor security at CorpTech?--- Possibly, yes.

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BRADLEY, G.P. XXN

Well, obviously yes?---Yes.

1

And, of course, the people who hear the rumours can't help being told what they're told, but you would hope that they wouldn't act on information which was obtained inappropriately?---Yes, and they would disclose if they had access to that material, they would disclose that to the relevant - to Treasury or to the relevant - their own senior management, whatever - - -

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Yes, and they'd tell your office that there is available access to the matrix, the evaluation matrix online or that there's some other problem with the - - -?---Yes.

- - - security of CorpTech. All right. Now, you've said, I think, that if this kind of - if you'd been aware of this, this is the Cheryl Bennett email, in 2007, you would have called in - one of the things you would have done is called in IBM and asked for an explanation - - -?---Yes.

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- - - of how they got it, how the information was conveyed, and I want you to assume the response is that it's rumours leaked from someone in CorpTech's offices by some indirect process, and the second thing you would have said is, to be satisfied it was not going to be used, to be satisfied that no use will be made of it in the future by - - -?---Yes, and we may also have thought it appropriate to disclose that to the other party.

Right. You may have required it be disclosed to someone but you would have required assurance that it wasn't going to be used?---Yes.

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Is that what you're saying?---Certainly, and we would have been - I think had we done it on a timely basis, but hopefully we would have identified where that had come from.

And to stop - - -?---Yes.

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- - - continuation of that issue?---Discipline relevant people if that was required, yeah.

Of course. Now, in fact what you did, in fact we know that you had - your - CorpTech had two complaints, one from Accenture, one from IBM about the topic, at least, of lack of security of CorpTech's documents. You know that, don't you?---Yes. I can see that from this material.

And you knew it from your recollection?---Sure, yes. I can recall - I didn't know who - where - how that concern had been identified, but I knew it was an issue within CorpTech, yes.

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All right. And that the concerns included concern about the security of vendor proposals. That is, that not just

CorpTech's material but the supplier's material?---Well, potentially if that was - if that could be accessed, yes, certainly, yeah.

1

Tell me, please, can you recall what you did about that at the end of August 2007?---Well, my understanding at the time I would have been told about that, I was briefed by Barbara Perrott at the time and she would have taken me through how - what actions she'd taken to improve or security within CorpTech. She may have at the time also had her internal audit person look at the issues surrounding system security. I can't recall the precise detail but certainly she was able to satisfy me that they had undertaken proper checks to ensure that the matter was satisfactorily addressed.

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Right. In terms of the security?---Yes.

All right. And you know, don't you, that there was then an ITO which was prepared and sent out?---Certainly, yes.

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And would you accept, Mr Bradley, that it was a far more complex and formal document than the earlier documents we've looked at, which were the - - -?---Yes.

- - - RFP?---Certainly, yes.

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That it really was a separate tender process which was designed to have in place all the required protocols and limitations that you would wish to have in place for a proper and properly evaluated tender?---Yes. 1

That prior to its preparation you took legal advice?---Yes, certainly, yes.

And the legal advice you took was that you could not rely upon - or at least you should not rely upon the RFP process for contracting?---Yes. 10

That you should in fact have a fresh start with a complete - by that I mean a document which itself was complete in terms of prescribing exactly what it is CorpTech wanted? ---Yes.

And the form it took was for - sorry, I withdraw that - it was prepared with the input of a considerable number of CorpTech senior personnel. Is that right?---Yes, and - - -

Across a range of disciplines?---Yes.

Including lawyers?---Yes, certainly. 20

That it took the form of providing a great deal of information to the tenderers?---Yes.

And it prescribed a means by which if they wanted more information they could obtain it?---Yes.

The intention was that whatever one asked for, the response would be provided to all?---Yes.

And similarly you had in place - sorry, the form of the pricing which you wanted the tenderers to provide to you was one which was determined by CorpTech?---Yes. 30

That is, it was to be pricing of individual stages?---Yes.

And that's because that is what CorpTech determined was the material information it wanted to be provided with in terms of pricing?---Yes, because it gave us the flexibility then to determine which components we would then be interested in proceeding with as a priority, yes.

Right. Would it be an inelegant description to describe it as something of a shopping list? You would get prices for each of the items and then you could decide which of them and in what order you would spend your money on?---Yes, although there were some components which were - - - 40

Dependent?--- - - - essential and when required to be fixed price, and other elements which were meant to be - I'm only just speaking in very general terms - were meant to be

developed estimates which would then be firmed up through an accepted process. 1

All right. The pricing schedule in fact identified those - the items that had to be priced separately. Yes?---Yes.

And which of them had to be priced as fixed prices and which had to be best estimates?---Yes.

And that was because those are the things which CorpTech decided it wanted to know?---Yes. 10

It did not seek a not to exceed price for any component? ---Sorry?

The ITO did not ask for a not to exceed price to be nominated for the various components?---I don't believe so, but I wasn't the expert in terms of the detail of the contract, but I don't believe it sought a not to exceed price, yes.

Very good. And the process also was one in which once the tenders had been submitted there was a process by which requests for clarification could be made of anything that the evaluation team wanted to learn in order to properly understand and evaluate the tender?---Yes, that's my understanding. 20

Or subject to the protocols which had been identified and laid down by CorpTech when the ITO was being drafted? ---Yes.

Thank you. And you are comfortable, aren't you - I'm sorry, the teams which are identified as the evaluation teams, you're familiar with - or at least you know there were evaluation teams?---Certainly, yes, I was aware. 30

And with possibly one exception where some external consultant might have been identified, they are all public servants?---I believe so, yes.

And each team is headed by a senior public servant?---Yes. Usually there was a senior CorpTech person leading each of the teams, I think.

And the allocation of that person to a particular team reflected their expertise in the field, which was the subject of that team's deliberations?---Yes. 40

All right. You are comfortable, aren't you, that the process was really good, if not best government practice; that is, the process which was pursued by the drafting and administration of this ITO was good government practice? ---I certainly believed at the time we designed a very thorough process. We sought to have a large team of expert

people undertake the evaluation process and to ensure that the outcome was the right outcome, basically, yes, was our intention - - -

1

And to the best - - -?--- - - - that that would occur.

Sorry, I didn't want to stop you. To the best of your knowledge it was run effectively and efficiently?---I believe so. I accept that there were challenges around the time lines of the process that was undertaken.

Right. It was done in a very tight time frame?---Yes.

10

For reasons which you've explored with my friends. All right, thank you. Just excuse me, please. Now, I asked you to look a moment ago at a letter of 22 October 2007, which was the Accenture letter?---Yes.

Which amongst other things referred to some earlier complaint in August. Just in respect of the complaint which was the catalyst for that letter, you know, don't you, that there was reported by Accenture to CorpTech some subcontractor who'd had inappropriate access to the LAN at CorpTech?---Yes, I believe so, yes.

20

And the access was in fact to obtain costings - IBM's costings from its ITO response. Does that ring a bell? ---I'm not sure of the exact material that person sought to access but if that's what Accenture advised us, I'm sure that's correct, yes.

You know at least have been a competitor's information was accessed?---Yes, I know it was a matter of serious concern at the time.

It was serious?---Yes.

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And you know it was a competitor. Do you know the competitor was IBM?---Whose information they sought?

Yes, that they got?---That they got. I can't recall whether I was advised of that detail but I certainly was aware that it was very serious and I recall having a meeting with senior management at the time and them undertaking a process with commercial counsel and the internal auditor within CorpTech at the time, I guess.

Right. Can you tell me, please, when was IBM formally advised that that had occurred?---I'm not aware whether that occurred, that IBM was advised, because it wasn't considered - I think we were satisfied that had been used in any way at that time.

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Right. It was - - -?---But I can't be sure whether they were or were not advised, to be honest.

Okay. I'm not suggesting to you they were. In fact, I'm suggesting no advice was given to IBM. At the time of this information was leaked or obtained, the evaluation process had not completed?---I'm not - - -

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- - - that. The evaluation process had not been - - - ?
--- - - - precise dates, yes, to be honest.

So that we understand correctly, you were satisfied that there was no need beyond what assurances were given to you by Accenture?---Yes.

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No need to notify IBM and no need to alter the ITO process?
---I think the considered view at the time was that it hadn't compromise the process at that time, yes.

Right. So you were content - that is, I'm not suggesting there's anything wrong with this - you relied upon and assurance from Accenture that it had not used that information in formulating any response that it may have received to a clarification request from the evaluation panel of any kind?---Yes.

And based upon its assurance you were content for the matter to proceed?---And the steps - obviously they'd taken very serious steps to terminate that relevant contractor, I understand.

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Yes. All right, thank you?---That was a serious - - -

COMMISSIONER: Mr Doyle, I note it's half past 4. How long do you think you'll be?

MR DOYLE: I can check my notes. I may not be any longer at all if that's convenient. Just excuse me. Are you going to be long? There's only one thing but I'll only be a couple of minutes. Is that - - -

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COMMISSIONER: Yes.

MR DOYLE: Would you go to your statement again, please, Mr Bradley, page 10 paragraph 64. Just read it to yourself?---Yes.

Now, the suggestion that's made to you, I take it, has come from the commission. That is, it's a recent suggestion?
---Yes.

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Okay. And you refer to the suggestion being that there was some engagement of IBM for LATTICE replacement scoping? ---Yes, I wasn't aware that there was contracts or discussions between IBM and Health at that time. 1

Can I just ask you this? Are you sufficiently familiar with the SSS process to answer this: the recipient of the rolled-out shared services; that is, the agency, whomever it might be, will need to do a couple of things itself, it'll have to identify what its agency specific requirements are, to notify CorpTech in the hope it can be included in the shared service?---Yes, it was a standard workshop process that occurred prior to implementation of systems. That's correct, yes. 10

It'll need to identify what its agency specific requirements are, and as well it will need to undertake what's called "change management" to adapt its own processes to receive and be able to take advantage of the rolled-out service?---Yes.

And that it was open to the agencies to do that themselves or to engage consultants to assist them in the doing of that?---Yes, I imagine so; yes. 20

You know, don't you, that Queensland Health had sought and obtained resources, as they're called, from Accenture to do those kinds of change management activities?---I wouldn't know the detail myself personally, but that wouldn't be a surprise to me, I think, yes.

It's not the kind of detail that would come through to you, is that as we should understand it?---I wouldn't be aware of how particular agencies were going about their component of the process, no. 30

Similarly, you wouldn't therefore be aware if Queensland Health had sought to engage IBM to assist it with change management services or to identify its own agency specific requirements, as I've just discussed?---No, but I think the suggestion that was made to me was it was actually looking to contract into actually implement the project itself, undertake a payroll project itself at the same time.

Okay. Thank you.

COMMISSIONER: Mr Flanagan? 40

MR FLANAGAN: No further questions. May Mr Bradley be excused?

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

WITNESS WITHDREW

16/4/13

BRADLEY, G.P. XXN

16042013 31 /CH (BRIS) (Chesterman CMR)

MR FLANAGAN: My learned junior is going to tender some documents which will bring the tender evidence to an end. 1

COMMISSIONER: Yes.

MR FLANAGAN: And we have a schedule which might speed things up.

COMMISSIONER: Yes, thank you.

MS NICHOLAS: Mr Commissioner, I can hand up the schedule - - - 10

COMMISSIONER: Yes, thank you.

MS NICHOLAS: - - - to be tendered. The first is the statement of Malcolm Campbell, dated 15 March, which is a statement of 11 pages.

COMMISSIONER: Very well. Exhibit 55 will be the statement of Malcolm Campbell.

ADMITTED AND MARKED: "EXHIBIT 55" 20

COMMISSIONER: 56 is the statement of Jan Dalton.

ADMITTED AND MARKED: "EXHIBIT 56"

COMMISSIONER: 57 is the statement of Brooke Freeman.

ADMITTED AND MARKED: "EXHIBIT 57"

COMMISSIONER: 58 is the statement of Nigel Hay.

ADMITTED AND MARKED: "EXHIBIT 58" 30

COMMISSIONER: 58A will be the addendum statement of Mr Hay.

ADMITTED AND MARKED: "EXHIBIT 58A"

COMMISSIONER: 59 will be the statement of Janine Griffiths.

ADMITTED AND MARKED: "EXHIBIT 59"

COMMISSIONER: 60 is the statement of Colleen Papadopoulous. 40

ADMITTED AND MARKED: "EXHIBIT 60"

COMMISSIONER: 61 is the statement of David Stone

ADMITTED AND MARKED: "EXHIBIT 61"

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COMMISSIONER: 62 is the statement of Craig Joseph Vayo. 1

ADMITTED AND MARKED: "EXHIBIT 62"

COMMISSIONER: I understand some of the exhibits to Ms Freeman's statement aren't to be published. Is that right?

MS NICHOLAS: That's correct. I think it's a non-publication order sought over the statement and the three volumes. 10

COMMISSIONER: The whole of the statement?

MS NICHOLAS: That's correct.

COMMISSIONER: And only three volumes?

MS NICHOLAS: Three volumes.

COMMISSIONER: Is that all there are? All right. I order that the statement and attached documents to Ms Freeman's statement not be published. 20

MS NICHOLAS: Thank you.

MR DOYLE: Might I mention one thing? It arises particularly with respect to Mr Vayo, his statement covers tender matters, it also covers post tender matters. We would wish to reserve the capacity to cross-examine all of these people if their evidence is relevant to the next phase, if you like.

COMMISSIONER: If it is, all right.

MR DOYLE: Yes. 30

COMMISSIONER: On the topic of non-publication orders, I did order that exhibit 32 was tendered in camera hearing but it not be published until further order, but I think that worked on the basis that it should be published and if I haven't made an order that effect I will, that is, I will make an order that exhibit 32 be available for publication. The transcript of Mr Bloomfield's examination in camera, I think, is actually on the web site, isn't it?

MR FLANAGAN: Yes, I sought an order in relation to that. 40

COMMISSIONER: And so I make it.

MR FLANAGAN: And I thought I sought an order in relation to exhibit 32, but if I didn't seek I - - -

COMMISSIONER: I have a recollection you did both, I had a recollection I exceeded to both request but there's no formal order but I'll have one made.

16/4/13

FLANAGAN, MR

16042013 31 /CH (BRIS) (Chesterman CMR)

MR FLANAGAN: Thank you. **1**

COMMISSIONER: Thank you.

MR FLANAGAN: All that's left is the commission to be adjourned to next Monday.

COMMISSIONER: Which is the 22nd?

MR FLANAGAN: 22 April.

COMMISSIONER: Thank you all, we will adjourn until next Monday, 22 April, at 10 am. **10**

THE COMMISSION ADJOURNED AT 4.38 PM UNTIL MONDAY, 22 APRIL 2013

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16/4/13

FLANAGAN, MR

17-119

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