



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 14/03/2013

Continued from 13/03/13

DAY 4

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.

ORANGE, COLLEEN SHIRLEY:

COMMISSIONER: I made the orders that we discussed yesterday. I think you each have a copy now.

MR DOYLE: Might I raise something with you about that?

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COMMISSIONER: Yes.

MR DOYLE: We wonder whether the order oughtn't be amended in the third-last line where it says, "On his undertaking to you" et cetera, to simply say, "On his undertaking attached" because there may well be, as for the reasons I expressed to you yesterday, Mr Commissioner, some difference between the two formulations. One of the things that he wishes to be able to do is to report to other lawyers but in-house.

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COMMISSIONER: That would come in the purpose, wouldn't it, of representing IBM at the commission? But what I'll do, if you like, is to add (indistinct) in the paragraph copy attached.

MR DOYLE: Thank you.

COMMISSIONER: Yes, thank you. Yes, Mr Doyle.

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MR DOYLE: Thank you. Ms Orange, I want you to be shown volume 22 again, please. That's the volume that has the title Evaluation Report?---Thank you.

Go to page 24, where we were yesterday, I think. Have that?---Yes, I do.

And a little over halfway down the page, there's a paragraph commencing, "Note that priority core development"?---Yes.

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Mr Flanagan was asking you some questions about that? ---Yes.

Re-read it, please, in the next paragraph just to remind yourself what it says. Was part of the process which you undertook when transposing figures from the tender responses to your schedule to see if there was a need to adjust them in some way for things omitted or things which were in one and not the other, so to speak, or for some other reason?---It was after the transposition into the spreadsheet that we determined that.

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So after the transposition - - -?---Yes.

- - - in consultation with others, there was a process to identify whether some adjustments were required?---Yes. 1

And in relation to this adjustment, can you tell us why it was made or is that something you can't recall?---Well, it was made - from my recollection, there are a number of variables presented in that category and so the consultation was in relation to the quantum of those variables and whether that was a reasonable basis and reasonable volume of variables, and so it was around - from my memory, it was around that, was that upon which the estimate was based, was that a fair quantum and - a fair basis and a fair quantum of those variables. So that's where - - - 10

And consultation to which you just referred was by you or your team members with other people on the government side, so to speak, to gain some advice about these things?---As I - my recollection is that, yeah, with our team, the wider team. 20

I'd like you to keep that volume but I'd also like you to be shown volume 20, please. Would you turn to page 605, please. Now, do you have that page?---I do.

Is it headed 1E Priority Core Development?---It is.

So it relates to the topic that we've just been talking about in the evaluation report?---Yes. 30

And is this a spreadsheet that was produced by or used by your team?---It looks like that, yes.

Which of those two, produced by?---Produced by.

Right. And if you look, the top third of the sheet relates to Accenture?---Yes.

The bottom third Logica?---Mm. 40

Then the middle section to IBM?---Mm'hm.

Can I just interpose, Mr Commissioner? I notice that when I go to these sheets, they are put up on what I assume is something being broadcast to the world and yet it plainly contains data which otherwise each of Accenture, Logica and my client would prefer was confidential or remain so. You did have, in light of the outset, that the tendered bundle wouldn't be made available. 50

COMMISSIONER: Yes. The display to the public is evanescent; it lasts for as long as the document before the witness. Although proceedings are being streamed live, there's no recording of that streaming. If you'd rather have it not on the screen, I will take it off.

MR DOYLE: Well, in a sense, I'd rather not because it would inhibit what I will take witnesses to or have regard to.

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COMMISSIONER: All right. Continue.

MR DOYLE: It's been taken off now.

COMMISSIONER: Oh, I see. My associate tells me that the documents which you put on the screen aren't streamed; they're visible only to the people in the courtroom.

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MR DOYLE: Might we check that because yesterday I had communicated to me from someone outside that jurisdiction something was visible which was thought to be confidential, but for the moment I'm content to proceed if it's not on the screen and I'll take the matter up at lunch.

COMMISSIONER: Right. Excuse me, are you quite sure of that? All right. We'll test it now. I'm watching myself and others on the streaming and the document on the screen, the court does not appear in the streaming.

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MR DOYLE: Well, I'll proceed. It may as well be up on the screen then.

COMMISSIONER: Yes.

MR DOYLE: Can I direct your attention to the middle section that relates to IBM?---Yep.

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And we see about four or five lines down there's something called HR contingency. Can you read that?---Yes.

And \$4 million?---Yes.

And then there's something in the column to the right of that?---Yep.

Just read that to yourself?---Yes.

40

Are those words words that your team has added to describe the making of this adjustment?---Yes.

Can you help me, please, with the column - - -

COMMISSIONER: Mr Doyle, you'll have to go back, please, I'm sorry, I was distracted. Whereabouts are you looking?

MR DOYLE: 605, about halfway down the page - - -

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COMMISSIONER: Yes.

MR DOYLE: - - - there's a row which says "HR contingency". I think it's in red in the copy which you have. There's a column headed - - -

COMMISSIONER: Oh, yes. Is it the third line down or fourth line down in the IBM box? 1

MR DOYLE: Yes, the fourth entry.

COMMISSIONER: Yes, I've got it. Thank you.

MR DOYLE: Thank you. And then there's the figure, and then to the right of the figure, there's a commentary of kinds. 10

COMMISSIONER: Can you read that? I can't.

MR DOYLE: No. I say it's difficult.

COMMISSIONER: Based on something?

MR DOYLE: Based on the term organiser. Is that what it says? 20

COMMISSIONER: With team. 20

MR DOYLE: Team or - I'm sorry. Ms Orange, can you - - -? ---From my copy, it says - I think it says, "Based on the term organiser and employee transfer work bench."

Right. Whatever that means. That's a comment which someone in your team has added to explain the adjustment? ---Yes. 30

And is that the format that you make in this price exclusions column, you add commentary to describe the entry to which they relate?---I think that was a note, yes, to the entry they made, the dollar entry, there was a note to that, yes.

All right. Well, sorry, I'm asking you a broader question now?---Oh, I see.

There's a column headed Price Exclusion and not all figures have narrative next to them. What's the rule by which one decides to put a narrative next to it?---As we proceeded, we used - we obviously used that column to make a note against - so it's not actually - that column heading is not appropriate in this case. 40

50

If it said "comments", would that be a better understanding?---That would be a better - that would be right, yes. 1

So it's things you've noted about the figure which - - -? ---That's correct.

- - - depending on what it is, may describe the making of an adjustment or describing of a difference or some other such thing?---Yes. 10

All right. Thank you. You can put that document aside for the moment, although, I want to come back to it later. Would you go back to the evaluation team report, please? That's in volume 22. Turn to page 26. There's some commentary you'll see at the top under the heading Key IBM Assumptions, and it says, "There are a number of assumptions made by IBM that have assuming impact on CorpTech resourcing, and identify the parameters that are likely to drive price variations in the future. Do you see that?---Yes. 20

When you agreed to this, that was undoubtedly your state of mind, would that be right?---Yes.

You can recall there were a number of assumptions and then you formed the view that they are likely to drive price variations in the future?---Yes.

By which we should understand you were highlighting to the people who read this document that there are assumptions expressed about the scope of work, what is to be provided, and if they are requested to be departed from that will increase the costs?---I think the assumptions were around those variables that were provided in the offer document, is my understanding. So if that translates into scope of work - - - 30

Okay, well, if any of the things which are identified as either assumptions or variables in the offer document were to change, you're highlighting to the reader of this document that will have a price impact?---Yes. 40

And from your recollection, and I know it's hard, of the team meetings that you had, you know, the in caucus meetings, that was something which was well understood, I take it, from the members of the team?---Yes, I understand that's the case. Yes.

Very good. And if you turn to the same page towards the bottom, the second last paragraph, you'll see it says: 50

IBM will be heavily reliant on Queensland Health's participation and its internal project resourcing to deliver the interim LATTICE replacement as planned.

You may not remember the detail of that now but that was certainly true when you wrote it. That's right?---I didn't write it, and when it was written that's what the understanding was.

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Right. It was your understanding?---Yes.

And from your recollection, it was the understanding of the other members of the evaluation team, the "evaluation panel", I suppose I should call it?---I assume so, you know, I wasn't - I assume so.

10

All right. I want to just take you to a few examples, if I can, of the process that you followed in the price matrix, in the transposition of figures from the tender responses to your schedules, that topic. And for that purpose, I would ask that you be shown - excuse me. Go back to volume 20 that I gave you a moment ago. Back to page 605, the page I had you on a moment ago, and this time I want to direct your attention to the Accenture submission component of the page. Do you see that at the top? Just so we're clear, the process was one by which you would look at the Accenture document and seek to transpose the figures from it to this table for the purposes of comparison?---Yes.

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Subject to whatever adjustments you might make. And the price you've given for the 1E priority core development is the figure which we see at about .3 of the page, GST exclusive price and a figure?---Yes, sorry? For Accenture still?

30

For Accenture, yes. I don't want to read it out, but that's the figure?---Yes.

Can I ask you then to keep that figure in mind, if you would, and be shown the Accenture tender response - volume 18 it is, please - and I'd like you to open, please, at page 664, and you should have there the section that relates to IE priority core development?---Yes.

40

You have that?---Yes.

And you'll see in the little box at the top there's two figures which are expressed to be GST inclusive. Do you see that?---Yes.

So immediately to compare, one of things you must have done is take one-eleventh off these prices for the purposes of expressing them as GST exclusive figures in your table?---I understand the table puts the gross amount in and there's a small table, small cell under that where we actually excluded it.

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That's correct. So the price I asked you to look at a moment ago, which was the figure which was described as GST exclusive - in fact, you've corrected me, you've set out

the GST inclusive figures then you've converted to a GST exclusive. All right. So whichever we do we're comparing like with like?---Yes.

1

You add up the figures which are shown here in the Accenture document?---Sorry?

It's going to be difficult to ask questions without putting some figures somewhere, but if you add those two figures up you get a figure which cannot be reconciled with the figure shown in - that is not the same as either the GST inclusive or the GST exclusive figure shown in your schedules?---In total?

10

Either?---I'm just looking at the - if I can get both books out?

Sure?---So there is an additional added there.

In order to complete your schedule, you must have gone and obtained some information about that to put in the additional amount.

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COMMISSIONER: I'm missing something here. If you look at page 664, volume 18, there are there items. The third item has no dollar value attached to it - - -

MR DOYLE: Correct.

COMMISSIONER: - - - and there's an explanation. In the transition sheet, as you call it, a dollar value put on the third item.

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MR DOYLE: Correct.

COMMISSIONER: What's the mystery?

MR DOYLE: How that was arrived at.

COMMISSIONER: It's explained.

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MR DOYLE: As your Honour pleases.

COMMISSIONER: Well, look at page 664. It says:

We would propose that HR awards would be configured as part of each release rather than giving a central figure.

MR DOYLE: Yes.

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THE COMMISSIONER: So what is the mystery? 1

MR DOYLE: There is no mystery. It's a question of process. The means by which you have derived a figure involved you obtaining some additional information.

THE COMMISSIONER: No, taking information from another part of the Accenture response.

Isn't that what happened?---Yes. 10

MR DOYLE: Can you show me the part of the response which gives you the figure that you have transposed to this schedule?---So my recollection is that those numbers that was - that those values were contained elsewhere in the document.

I see?---So for those items - - -

THE COMMISSIONER: It explains where. It says: 20

The HR awards amount is configured as part of each release in items 1G, 1H and 2A, refer to questions 16 for further information.

MR DOYLE: It's obviously something that others will be better positioned than me to deal with.

THE COMMISSIONER: I'm sorry? 30

MR DOYLE: It's something that others will be better positioned than me to deal with but I was trying to ask the witness to show me the figure, how one arrives at that figure.

THE COMMISSIONER: All right.

Can you find it for us, Ms Orange?---I would have to go through the full tables where it goes down into all of the individual departmental releases. From memory, I haven't looked at the documents, that was built in there and I think we have taken it out, summed it up and put it in there to be able to compare. 40

MR DOYLE: Just so that we are clear about that, is it your recollection that if we go to the sections which are cross-referred to in your table - sorry, in the Accenture response, we will find figures which are referable to HR awards for priority core development which add up to the figure which is in your table, or have you had to disaggregate other figures and allocate part of it towards priority core development?---My recollection is the former. 50

So that we can go to the parts that are identified and see figures which are referable to HR awards for priority core

development?---Yes. I'm not sure but my recollection is that that's where we got the information from.

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Very good?---I can't - - -

Sorry?---Yes. I would have to go back to confirm that.

All right. Looking then at your schedule, we have the figure which is expressed as the GST exclusive figure?---Yes.

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Would you go back, please, to the evaluation report, please? Turn this time to page 22, please. You should have a document which is called Appendix 6, summary of offer or costs?---Yes.

And still focusing on that entry, 1E priority core development?---Yes.

Dealing with the Accenture component, there is a figure which is shown there?---Yes.

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And at least on the face of it, it is not the same as the figure shown in the Accenture response?---Yes.

Or in your spreadsheet dealing with the Accenture response?---Yes, that's right.

Can you explain how the difference comes about?---I can't. I can't. I don't know.

30

Can I ask you, do you recall that there were differences between your early version, your early work on the transposition of the information from the responses to your matrix and later figures; that is, was there a process by which you adjusted and changed those figures throughout the evaluation process?---Yes, there was process - - -

Not simply because of some error of transposition, but because of some new information or some reconsideration. Would that be right?---Only insofar as we have discussed the IBM variables. There was work done around that, and really just that like-for-like ensuring that in each category we had the same, you know, supplies being considered so it wasn't - it was along those lines.

40

Help me with this: the figures that we have just looked at which are - assume that the transposition that I've taken you to accurately records what is set out in the Accenture ITO. It is a different figure from that which makes its way into the final report?---It is, and you know, I don't know why that would be the case.

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Do you mean it is completely inexplicable or you can't recall?---It is inexplicable to me why that would be the case.

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ORANGE, C.S. XXN

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I'm going to ask you the obvious thing: you signed this report?---I did. 1

This page reflects essentially your work?---Yes, and we did - - -

I don't mean yours personally but your team's work is page 22?---Yes.

It would have been the one page of the document that you would have been looking at closely to ensure that it was right?---Yes. 10

And you believed it to be right when you signed it?---Yes.

It must be the case, isn't it, that there was further information provided to you which caused you to make some changes to these figures?---Not at this point.

Before this point obviously. Before you prepared the document which is the final report?---It's my memory that this table was built off this information so I just - I mean, I can't explain why those differences are there. We compiled the information, we made changes where we have done to have like-for-like where there were gaps in the pricing or variables and then we summarized those numbers in this fashion. I don't know why this particular spreadsheet is different to these final numbers. 20

Have you reviewed, for the purposes of giving your evidence, the various spreadsheets that your time prepared in the evaluation process?---I was only provided with a small copy of some documents which were difficult to read so no, I haven't reviewed the documents. 30

Right. When you say a small number, we're talking ten pages? ---Ten pages? Yes. There was a document of ten pages but it wasn't - I didn't know what version of data it was, I didn't - you know, I wasn't provided with this table, for example, in the appendix C, I didn't receive that so I have bits and pieces but they weren't - I didn't know the status of them. 40

Turn back, please, in volume 20, to page 600 if you would. Actually, page 598. You should have there a spreadsheet which is headed 1A Transitions or Transitioning, I'm sorry. Transitioning?---Yes.

Which is the first item of the costs component of the ITO responses?---Yes. 50

Behind that schedule, various other spreadsheets which relate to various other costs components of responses to the ITO?---Yes.

Just tell me if you were shown those before giving your evidence?---I was shown - yes, in a scanned A4 version, so very small, so very difficult to look at.

1

Right. Were you shown each of these?---Something that looked like this, yes.

That will do?---Yes.

Turn again, please, then to the one that I was taking you to which is the 1E spreadsheet at page 605. Was that the one you were given?---It looked - yes, it was something that looked like this, yes.

10

Good. Now, if you look at the Accenture component and open up the spreadsheet, on the right-hand side there are figures headed - or there is a column headed Additional Costs for Inclusion in Analysis?---Mm'hm.

And a whole series of things which add up to a figure which you can see there. Can you explain the prominence of those figures?---So referring to the very far column, are we?

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Yes?---Yeah.

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Well, I suppose to be fair, I'm referring to the right-hand box of columns which collectively has the heading Additional Costs for Inclusion in Analysis?---Yes. So my recollection of this is that central box where it says, "The CorpTech costs" was the resources that were required by the tenderers for the project and then that far right column was the costing of those. 1

The costing of the resources to be provided by CorpTech. Is that the way - - -?---That's correct. 10

- - - it should be understood?---Yes.

And that is information that one can read from the ITO response from Accenture, is it?---I think what was provided was the resource type and then we costed it for our - with our costings.

Okay. And I won't hold you to it for everything but is that generally true of the right-hand set of boxes, they are costings of the CorpTech expense identified by the tenderer as being required by CorpTech to commit?---That's my understanding, yes. 20

Nothing further, thank you.

COMMISSIONER: Mr Flanagan?

MR FLANAGAN: Just very briefly, Ms Orange. Without giving too much away, you were actually invited to attend the commission premises for the purpose of viewing documents. Is that correct?---Yes, yesterday. 30

But you had recently taken eye surgery which did not permit you to attend the premises of the commission for the purpose - for taking your statement or for viewing documents. Is that correct?---Yes.

As a result of which, certain documents were scanned and emailed to you, and having gone through an eye operation, did you have some difficulty reading those documents at the time?---Well, yes. 40

All right. But in any event, a statement was taken from you over the telephone with the documents that had been scanned and sent to you?---Yes.

Thank you. May Ms Orange be excused, Mr Commissioner?

COMMISSIONER: Yes. Ms Orange, thank you for your assistance, you are free to go?---Thank you. 50

WITNESS WITHDREW

MR FLANAGAN: I call Rose DiCarlo.

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ORANGE, C.S. XXN
ORANGE, C.S. REXN

DICARLO, ROSE MARY sworn:

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MR FLANAGAN: Would you give your full name to the inquiry, please?---Yes. Rose Mary DiCarlo.

And what is your present position?---I'm retired.

And prior to that, had you worked for Queensland Treasury for approximately 21 years?---Yes, I did.

10

And you hold an MBA?---Yes, I do.

From what university?---McMaster University in Hamilton, Canada.

Thank you. And from 2002 to 2005, you worked in the Shared Services Initiative office as part of the team that developed a business case to implement the Shared Services?---Yes, I did.

20

All right. Now, in relation to that business case, did you work closely with the under-treasurer at the time, Mr Bradley, for the development of that business case?---He wasn't intimately involved. There were a group of people and - Alan Tesch was the person who we reported - he would have reported to Jarad and we reported to Alan.

All right. In paragraph 3 of your statement - - -?---Yep.

- - - you say that the business case was tightly held. Is that correct?---Yes.

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Now, just looking at that statement, is that a statement that you've signed and dated 8 March 2013?---Yes.

And you've made a declaration in that statement that the contents of that statement are true and correct to the best of your knowledge and belief?---Yes.

I tender that statement, Mr Commissioner.

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COMMISSIONER: Yes. Ms DiCarlo's statement will be exhibit 15.

ADMITTED AND MARKED: "EXHIBIT 15"

MR FLANAGAN: Thank you. Can you explain why the Shared Services Initiative business case was a type D held model? ---It was looking at savings and fairly significant savings across the sector, so that was something that was really - it was up to government to decide whether they wanted to pursue the savings and in building that business case it was - we collected a lot of information and, yeah, it was something that went to government for a government decision and - yeah.

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DICARLO, R.M. XN

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Did you play a role in determining the types of savings that Queensland Government would achieve by the implementation of the Shared Services Initiative?---I can't recall my specific role on the business case precisely but I understand the business case had cost and saving streams that were identified. We had consultants in to help us build that business case.

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Right. But as the business case was developed and then subsequently implemented, were you in a position to have a good working knowledge of what the budgeted estimates were for the roll-out of the Shared Services Initiative - - -? ---Yes, I was.

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- - - in the whole of government?---Yeah. For a time.

For a time. When did that cease?---2005, I think.

All right. Thank you?---When I left (indistinct).

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Yes. And after 2005, where did you go?---I'd have to look at my statement. I think I went back to Queensland Treasury in the financial management branch to work on a project assurance framework, I think. It's in the statement. I had to go back and compare it against my CV to see - to line up the times, yeah.

That's all right. It's dealt with in your statement; we don't need to pursue that?---Okay.

30

Can I just ask you this general question: from your experience of having developed the model and then sought with others to implement the model, what was your experience of this implementation in the whole of government?---My - sorry, can you just - - -

Yes?--- - - - be a bit more - - -

Did you experience resistance from a government department in relation to its roll-out?---Yes, I did. It was difficult. It was difficult, it was threatening. Senior executives who were heads of corporate services were losing control over significant staff and significant budget. Staff who had transferred into Shared Services, I think there was a common understanding that we were going to drive savings through staff reduction, the primary savings were going to come through staff reductions, so the initiative was threatening for staff who worked in corporate services as well. I think there were about 3000 staff we transferred into the Shared Service model and that would have been difficult for them, potentially.

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Thank you. In or about 2007, did you secure a role in the Shared Services Initiative policy and program office - - -? ---Yes, I did.

14/3/13

DICARLO, R.M. XN

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- - - as a director of fiscal strategy?---Yes. I don't recall the exact date. I think it was about that time.

1

All right. And who did you report to in this role?---I think I reported to Barbara Perrott.

And what were your primary responsibilities in this role? ---It was to oversight the funding flows, the financial report - the fiscal reporting through the budget process, end of year reporting.

10

All right. Thank you. And that fiscal reporting, was that in relation to what the Shared Services Initiative roll-out was costing?---Not really. It was more an oversight of where money was coming from, how savings were flowing, where money was flowing to, but in terms of how those funds were managed, they all flowed into or out of organisations that had their own structure for managing those resources, so it was an overview.

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All right. Now, can I just take you to volume 1, if I may? Do you know a Mr Uhlmann?---Do you know I was asked that in my interview, I honestly don't remember. The name sounds familiar but I don't.

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Can I take you to page 158 in volume 1?---One hundred and - - -

Fifty eight, please?---Here? Yes, 158; yes.

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This was a five-day snapshot review that was done of the shared services initiative, it was actually requested by the under-treasurer, Mr Bradley, and a snapshot review was undertaken by Mr Uhlmann of Arena Consulting together with a Mr Brown, a Mr Nicholls and a Mr Ekert?---Yes.

Did you ever read this document?---Did I ever - - -

Read this document?---It doesn't look familiar to me.

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Did you ever participate in a review in or about the first half of 2007 concerning the shared services initiative? ---Not that I can recall.

All right. Thank you. If you just turn to page 165, there's an overall conclusion given there about the program budget will be exceeded. Can you just read that, particularly for the scenario for 12 months and the scenario for 18 months?---"Scenario 12-month extension equals \$90 million increase, scenario 18-month extension equals \$135 million increase."

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Did you have a general knowledge that the shared services initiative roll-out was heading to a stage where it was definitely going to be over budget?---I think that was pretty general knowledge, yes.

And certainly over time?---Yes.

Thank you. All right. So we can put that aside, thank you. I need to take you in detail to the processes that occurred in terms of requests for information or proposals from various tenderers, but you joined or started in your position with CorpTech in or around July 2007. Can you recall, now, your participation in the evaluation of certain proposals that were put forward by Accenture, IBM, SAP and Logica in response to what some people call a "request for proposal"?---I don't recall involvement in that initial process, I just don't think I participated but I'm not sure.

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All right. Can I ask you a more general question? Before you came to be on the evaluation panel in relation to cost for the ITO process, do you recall ever seeing the indicative price ranges presented by Logica, IBM and Accenture?---No, I don't recall, sorry.

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DICARLO, R.M.. XN

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And I think if I ask this question: did anyone ever brief you in relation to those indicative price rangers arising from their proposals?---I don't have a recollection of that. 1

Thank you. Can I move then directly to the evaluation and your role in the evaluation of cost for the ITO? The ITO was issued on or about 12 September 2007, did you have any part to play in drafting the ITO?---No, I did not, not that I recall. 10

Did you have any part to play in identifying the criteria for cost?---No.

All right. Thank you. How did you come to be on the evaluation panel for cost?---I can't recall to be honest. You know, if someone would have asked me to - probably Barbara asked me and I would have said, "Sure," and I don't recall how I was appointed to the panel. 20

Do you recall having a meeting with Mr Bradley, the under-treasurer, prior to you being appointed to the panel?---No.

No? Do you recall any conversation with Mr Bradley, Ms Perrott and Mr Burns in relation to you being appointed to the panel?---I have no recollection of that.

Did you attend any meeting with Mr Bradley where the evaluation process was discussed at all?---I think I might have attended a meeting after the evaluation process was completed but certainly not before. 30

The under-treasurer, of course, no matter what the tender evaluation panel determines is still the person who has the authority, he is actually the person who signed the contract in this instance. So that we can understand this, simply because an evaluation panel determines that someone has won a tender doesn't meant that the state of Queensland has to enter into a contract with that person, does it? ---No, and I guess - no, I would put it slightly differently. I think they were offers. If there was a successful offeror, the process beyond, having identified the successful offeror, I don't know what that is but I don't think it's fixed. 40

Yes, all right, thank you. I just need to just press you on this. Did you have any meetings before you sitting on the evaluation panel, or commencing to sit on the evaluation panel, in which the existing budget or the remaining budget for the shared services initiative was identified?---I don't recall a meeting. I may have, but I don't recall it, sorry. 50

When we come to the documents, however, there seems to be an analysis of a document said to be written by you, or

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authored by you, where you identify the remaining budget for the shared services initiative. Do you recall that? ---Yes, I do.

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I just want to know how you came to be identifying the remaining budget as a relevant matter for the assessment of these three tenders in the ITO process?---I think there was a significant exercise undertaken by CorpTech to identify the amount of funds that would be available if they decided to adopt a different model for implementation. That was what lead to the identification of the 153 million, and I believe there are briefing notes around that identify that. So that would have been an exercise that was gone through. The attachment that makes mention of the 153 played no part in deciding that IBM was the successful offeror, that was something that was added as additional information so that IBM, as a successful offeror, "Here's some other information you need to decide what you want to do next." So it didn't determine, it didn't make IBM's offer any more or less attractive.

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This is the explanation I'm seeking from you. The evaluation report, or the final evaluation report, is in fact a report for the under-treasurer, isn't it?---I don't know. I didn't prepare it.

All right, but in any event, it's an evaluation report that will find its way up government, correct?---Yes, it does.

So it's written for the purpose of informing the person who has to ultimately decide - - -?---Correct.

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- - - after a period of negotiation with the successful offeror?---Sorry, I don't get that last bit, I don't follow.

All right. After someone is offered it, one goes into contractual negotiations, yes?---Well, it was written before -it was written at the end of the evaluation process, so it was written before, I'm presuming, any contact had been made with anyone about the outcome of the evaluation of the offers.

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I think my question is this: did you take it upon yourself as the author of that document to identify what budget was remaining for the Shared Services Initiative rollout and to analyse at least IBM's pricing in respect to that remaining budget?---I can't recall what led to the inclusion, the decision to include that attachment. 1

That's what I'm inquiring into though and I need your best recollection of it. Did you do that of your own initiative?---I wouldn't think so. I didn't control that document. That document was not something that I could have unilaterally decided, "I want to insert this in the document." 10

Quite. Evidence has been given though that you were the author of the document. Correct?---Likely. I don't specifically recall writing it but it's likely that I would have had significant input into that.

Correct. It doesn't appear to be something that you had put in the evaluation report as a final evaluation report of your own initiative in terms of analyzing a tenderer's costings in the context of a remaining budget, and I want to know whose idea it was, who gave you that direction to do that?---I don't know. I don't know. 20

You must have some recollection of it?---No. I imagine there might have been some discussion about what is useful - what is useful in terms of being able to respond to the results of the evaluation. 30

Quite. Who gave you that suggestion?---I honestly don't remember. It would have been through general discussions that we had, I just can't recall the specific instance.

In the course of the evaluation process, who did you have general discussions with then?---Colleen, Shaurin, Terry.

All right, stopping there; it certainly wasn't Ms Orange's idea, was it?---I don't think so. 40

She had only commenced in her role on 17 September 2007, hadn't she. Yes?---I don't know what day she commenced in her role.

She commenced recently and you knew that she had commenced in her position recently so the idea didn't come from her, did it?---I suspect not.

No, and it didn't come from Mr Shah, did it?---I don't know. I'm not - anyway, I don't know. 50

You don't know?---No.

THE COMMISSIONER: He is not an accountant, is he?

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MR FLANAGAN: No, he's not.

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Can I return though to your explanation of the purpose of what is contained in the final report in terms of analyzing the IBM costings in terms of remaining budget. You told us that that was really done not for the purposes of assessing the Accenture costing as against the IBM costings, but rather was done for the purpose of informing the reader of the document as to what was actually left in the budget. Is that correct?---That's correct.

10

Can you just expand on that and tell us why that section of the final evaluation report was put in that analysed the IBM costings in terms of remaining budget?---The successful offer - the costs associated with the successful offer exceeded the remaining - the available funding, so that was - you went through a process, you come up with a success offer, you have got to make a decision, a successful offer hasn't come in within the budget so here's some things that you need to keep in mind in deciding what you're going to do from hereon in.

20

All right. Now, do you know Ms Bugden?---I know - - -

Ms Bugden?---Yes.

Do you know why she removed herself from the process?---No, I don't.

You don't, thank you. Do you have any recollection of either Barbara Perrott or Mr Burns briefing you in relation to how one should approach the costings evaluation for the purpose of the ITO?---No, I don't have a specific recollection.

30

Did Mr Bradley ever brief you directly as to the approach what you have taken evaluating the costings for the ITO?---Not that I recall, no.

Sorry. Did you actually have one-on-one meetings with Bradley from time-to-time?---Very rarely one on one. There would have been other people there but - - -

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You see, it has been suggested with this inquiry that you actually had the ear of the under-treasurer?---I met with Mr Bradley very, very rarely but I had a good reputation in Treasury in terms of - I believe, in terms of being a good operator so I don't know whether that's relevant.

Thank you.

50

THE COMMISSIONER: If you had wanted to speak to Mr Bradley, would you have had difficulty in organizing a meeting?---No, but I wouldn't - I find it - I very rarely - I can't recall when I initiated a one-on-one meeting with

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Mr Bradley off my own back. That's something that I just wouldn't do in the normal course of business. 1

Could you speak to him on the telephone?---Sorry?

Could you speak to him on the telephone about difficulties? ---I could but again, it was very - I honestly can't recall picking up the phone and calling - it's just something that I wouldn't - I tend to work to my supervisor or whoever - - - 10

MR FLANAGAN: Do you have any knowledge that you can give to the commission as to who appointed you to the evaluation panels for costings?---I really can't recall.

Do you have any knowledge whether Mr Bradley asked you to be on the evaluation panel?---I can't recall.

Could you just think about that for a minute and I will just ask you again; do you have any knowledge of Mr Bradley specifically asking you to be on the costings evaluation panel?---I don't have a memory of that, sorry. 20

Thank you. Now, could you just generally outline to us given that there were three of you on the evaluation panel for costings; Ms Orange, yourself and Mr Shah. What was Ms Orange's role that you saw?---I don't have a lot of memory of what happened in that process. I know there were a lot of spreadsheets and that we entered - Colleen mostly entered data into the spreadsheet and if we had issues around - that's my recollection, I honestly can't remember the active part that I played in that other than, you know, to be there supporting her if she had questions or we had questions or she wanted - you know, we wanted to discuss something. I just don't recall what my active part was - you know, in that. 30

Can you give us any information about Mr Shah's role?---I know he was there - no, I can't really recall what his active - you know, he certainly would provide clarification if we needed it, I recall that. 40

Did you know him to be a mechanical engineer?---I didn't know what his qualification was.

THE COMMISSIONER: I take it pretty quickly that he wasn't a man with particular experience or qualifications in accounting or financial matters?---I'm sorry, I didn't hear that. 50

I take it from your conversations with him, it was fairly obvious that he wasn't from an accounting or commercial background, or financial background, I should say?---I wasn't - his because didn't - I wasn't aware of what his

background was and it didn't become apparent what his background was as I worked with him. It didn't really - it didn't have any influence on me, I guess.

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MR FLANAGAN: Good. May I take you to paragraph 71 of your statement?---Yes.

You say the budget for the prime contractor model was \$153 million, the 153 million was for one of capital and operating expenses and internal as well as prime contractor cost?---Yes.

10

We will come to the document shortly but did you have that information at your fingertips prior to going into the evaluation panel for cost?---I don't know if it would have been at my fingertips but it was, you know, it would have been documented somewhere.

All right. Did you participate in the CorpTech exercise that you described just previously in determining what was the remaining budget for the Shared Services Initiative? ---I don't know if - I remember having some discussions with Joanne to understand how that figure was derived but I didn't come up with that figure, I just accepted whatever came out of CorpTech process.

20

When you say Joanne - - -?---Sorry, I'm not even sure that - I'm not even sure what role I was playing in that but I do - anyway, I do recall that there was an exercise, I may have had some discussion with Joanne and that's the number that came out at the end.

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And which Joanne are you talking about?---Bugden, I think. I think it was Joanne Bugden. I'm not sure who it was in CorpTech.

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And can I take you to paragraph 72. You state there:

I think the way we looked at the process was if we have only 153 million left to spend, who do we think is going to give us the most value for that amount. It was more about who was going to use that amount of money most productively in terms of our system development priorities.

10

Could you explain to Mr Commissioner what that means? ---It's just about value for money. You want to get the best value for - you know, you want to get the best product that you can or get as far as you can without compromising quality in terms of roll-outs with that amount of money, I think is what that means.

20

So in terms of assessment, if the account costings would take you to, say, stage 5, just to be - - -?---Yes.

- - - general, and the IBM same costings took you to stage 6, then the value for money would be viewed as resting with IBM because they could give you more - - -? ---No. That's not the way the evaluation process worked.

No. I'm trying to understand how it did work, and we've read the evaluation reports - - -?---Yeah.

30

- - - and we've looked at the figures, but could you tell us how it worked?---No, I can't tell you how the evaluation - against the criteria that were identified in the ITO, I played no part in scoring or doing any of that, other than analysing costs.

Yes?---So whoever designed the evaluation framework designed it in such a way that whatever all the teams were working on, eventually all of that information was collated, rolled up, assessed against whatever the criteria were that were specified in the ITO and a score popped out that put - the offerors each were assigned a score.

40

My question's more limited. We're presently interested in how the cost evaluation was done. Do you understand that? ---No.

We want to know how you, Ms Orange and Mr Shah carried out the evaluation of costs?---Yes.

50

Could you tell us?---We translated - my - I don't have a specific recollection of this but we - the offerors were asked to submit their costs in a particular - a cost particular category in a particular format. Those were

then translated into spreadsheets - I don't know who designed the spreadsheets - so that they were comparable and you could compare one set of costs against another set of costs. There were - that's my understanding of how the costs were analysed. There was no comparison to the available budget; that did not come into the equation at all.

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All right. Can you assist in terms of where one party had costed an item but another party had not costed an item but given a best estimate, who costed that best estimate for the purpose of comparison?---I don't recall. We would have sought advice from whoever was best placed to give us advice at the time.

10

Do you have a recollection that it was Mr Shah who did that exercise in terms of converting best estimates of a tenderer to a particular cost?---I don't recall.

You didn't do it?---No.

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Why didn't you do it?---I wouldn't have - I don't have any technical expertise in terms of IT.

From your own observation, what was Ms Perrott's role during the evaluation process?---I can't - I thought she was pretty far removed from it, actually. I can't recall but I don't recall her close involvement.

Right. Who led the process?---I don't remember. I think it was Terry Burns.

30

Now, before we come to the documents, do you have an independent recollection of seeking clarification from the tenderers in relation to their costings and receiving clarifications, and also attending presentations by both Accenture and IBM in relation to the clarification of costings?---I don't have any specific - I don't have any recollection of that.

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Can I take you to volume 30, page 1471?---In here? Sorry.

COMMISSIONER: We'll get it for you. What page was the - - -

MR FLANAGAN: 1471?---Yep.

It's an email from Maree Blakeney to undisclosed recipients, but it was seeking, as at 16 October 2007, a listing of items that had been costed and not costed by a yes and no response from the tenderers. My question is: did you have any recollection of this process or did you have any involvement in the process whereby this request was made to tenderers?---I don't think I did but I can't recall.

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All right. You'll find a response from IBM at page 1405 where they respond with "Yes" and "No" to particular items?---Yep. **1**

Do you have any recollection of receiving this document as part of your analysis or evaluation of costings?---No, I don't remember it. I don't remember it specifically, sorry.

Did you ever have or do you have a recollection of having a concern that some tenderers hadn't costed particular items? ---No, I don't remember having that concern. **10**

Can I take you to the same volume at 1509?---Mm'hm.

This is an email again from Margaret Berenyi dated 19 October 2007 at 3.45 pm, which refers to a meeting scheduled for 12.30 Monday, 22 October 2007, requiring IBM to assist with working through the costing assumptions for both HR and finance for item 1E priority core development. Do you recall attending a presentation or a meeting with IBM representatives where this topic was explained?---I'm sorry, I don't remember. **20**

Do you have any recollection that this was a request that came from the cost evaluation team, namely Ms Orange, yourself and Mr Shah?---I don't remember.

I'll take you straight then to the evaluation, if I may, in the final evaluation report?---Mm'hm. **30**

May Ms DiCarlo be shown volume 22. If you could turn to page 1, you'll see that it's an evaluation report for the prime contractor for the Shared Services Solution program? ---Mm'hm.

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And if you turn to appendix D - - -?---Yes?

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- - - in paragraph 25 of - - -?---Sorry, appendix D?

Yes, sorry. In paragraph 78 of your own statement, you said that you've been shown appendix D, "It looks familiar and that you expect Colleen and I drafted the document"? ---Yes.

Having looked at the document, do you recall that you were the author of the document?---I haven't got to it, sorry, I haven't got to appendix D yet. Yes, I think I probably did author the document.

10

Okay?---I would have, yes.

What was the purpose of appendix D?---Well, the purpose of appendix D was to provide additional information. We went through a process whereby we have a successful offeror that came out of the evaluation process. This was to provide additional information to assist whoever was reading the evaluation report in having to take a decision.

20

Yes?---It provided additional information for them to consider so that they could decide what they wanted to do next?---All right.

In the very first line it says:

The IBM offer represents both the least cost and the most cost-effective option.

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Yes?---Yes, that's what it says.

And it goes on:

On the non-cost dimensions of the evaluation, IBM scored marginally higher than Accenture. The major differentiation between IBM and Accenture was cost. IBM prices were generally less expensive.

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Can you just explain to the commission how it was determined that IBM prices were generally less expensive? ---It doesn't sound like a particularly well made statement. I'm assuming that the cost was - the absolute cost was lower. If you want to deliver this program of work we'll do it at this cost versus this cost.

Was any query made by the costing evaluation panel as to whether it could be achieved by the costings given by IBM, that is, the ITO was for a particular project that, that project could be achieved through the costings provided by IBM?---Sorry, I'm not understanding the question.

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You're not understanding the question?---No.

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Was the question ever asked, "Can the project be achieved by the price suggested by IBM"?---During the evaluation process? 1

Yes?---No, not at all, it never came into it. I think I want to make - yes, this is something that once the evaluation was done this is just restating the evaluation result, that's all that first paragraph is doing, is setting the context to then go on and provide additional information particularly since the successful offeror had costs that exceeded the available budget. 10

That's why I'm just trying to understand the document. What I'm trying to understand then, are you actually saying that the first three paragraphs of appendix D is the only information that's given as to why IBM's costings were preferable or - - -?---No.

No?---No. Look, that was just intended to summarise the results of the evaluation that are in the whole report. The whole front part of the report - the body of the report - you shouldn't have to get to appendix D to realise who the successful offeror was and why. 20

All right?---Appendix D was just trying to restate to set the context, that's all.

So in terms of the report itself, can I take you, if I may, to cost analysis at page 8?---Yes. 30

You didn't draft that part of it, did you?---No, I did not.

Excuse me for a minute?---I didn't have any part in drafting the body of the report.

Thank you. Just returning to appendix D, then. When we had the headings Implications of Selecting IBM, Funding Limits, Purchase Quantity, Affordability, are we to take it that's simply an analysis that has nothing to do with the evaluation process?---Correct. Absolutely correct. 40

You might appreciate our difficulty in that we are actually looking at the evaluation report, that is, it's called the Final Evaluation Report?---Yes.

And, therefore, we're looking at it as a final report in relation to the evaluation of three tenderers for a closed tender process - - -?---Yes.

- - - pursuant to a government process under an ITO. Do you understand that?---Yes. 50

So in terms of this final report, are we to understand that apart from the first three paragraphs perhaps the rest of the report is actually taking, if you like, the place of a briefing note, or the form of a briefing note, to whoever

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might read it in government to say how the selection of IBM will work out in terms of the remaining budget for the shared services initiative?---Yes. 1

Now, why would that go into a final evaluation report, why would that sort of information go into a final evaluation report? Why isn't it the subject of a separate briefing note rather than the subject matter of a final evaluation report?---I don't know why it was presented this way. I can't recall why it was going to be part of an attachment as opposed to a cover briefing note, but I just can't comment on why it was presented that way, sorry. 10

If you look at page 24, it says:

Affordability of IBM deliverables -

it's the very last topic on page 24. -

and the extent of IBM deliverables that can be funded from available funding sources are outlined in the table below are the 71.1 million in available central funds, approximately 34.4 million has been allocated to indirect cost as follows - 20

and so the indirect costs are identified, and then it says:

This leaves approximately 36 million for specific IBM deliverables - 30

and it takes it down to release 7 roll-out best estimates. Do you see that?---Yes.

What is that exercise there? It's your exercise?---Yes.

It's your exercise so I want you to explain to us what it is?---IBM is the successful offeror, according to the evaluation criteria. Its offer, the costs associated with that offer are beyond available funding, therefore if you take the available funding and see how far it stretches, if you decide to go with IBM, this is where it will - this is how much you'll get. 40

Ms DiCarlo, give that this is an appendix to a final evaluation report, why shouldn't this commission take it that the remaining budget was one of the primary considerations in determining who won this tender? ---Because it didn't flow into any of the assessment scores. 50

Why is this information in a final evaluation report at all if it was not a primary consideration in determining the tender?---Because you still need it, you still need to know. It could have been part of a briefing note, it didn't need to form part of the report, but it is

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information that you would want to pass up the line in terms of you need to know what IBM bid. They were successful, you need to know what they bid and how much money we've got left to spend so, now, how you want to take that forward is up to you. It didn't play a role in selecting IBM.

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What's it doing there then?---It's to provide additional information that if you want to go ahead and negotiate with IBM, this is how much money you've got to spend and this is how far - for example, if you want a stage implementation, this is how much you'll get for the amount of money that you have under IBM's proposal. You may want to take this into consideration in determining what to do next, given that the successful offeror, those costs exceed the available budget.

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Are we to take it then that appendix D is almost entirely irrelevant to identifying the assessment of cost for this tender process?---Yes. It didn't - the available funding did not play a role in deciding - in assessing the offers that came in under the ITO.

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COMMISSIONER: Mr Flanagan, what was the paragraph in Ms DiCarlo's statement where she mentions speaking to Joanne Bugden about the budget?

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MR FLANAGAN: It wasn't in the statement, Mr Commissioner.

COMMISSIONER: I thought it was.

MR FLANAGAN: Was it?---No. Paragraph 72.

COMMISSIONER: Thank you. I thought I saw someone - - -? ---But that wasn't speaking to Joanne; that was just a recollection that I had.

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Oh, yes, paragraph 71, but you told us this morning that you think it was Joanne Bugden that gave you the figure. Well, it was with whom you discussed the figure?---Yeah. Look, there would have been quite an extended process arriving at that figure.

I just want to know, in view of the questions Mr Flanagan's asked you recently, why you're discussing the budget at all?---Why, sorry?

30

Why you were discussing the budget at all with Ms Bugden? ---I can't recall even if it was Ms Bugden that I discussed it with.

All right. I thought you said it was, but never mind. Why were you discussing the budget at all if it was irrelevant? ---I'm sorry, why?

If the budget, the available budget was irrelevant to the evaluation of the three offers, why were you discussing it? ---In the report?

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No. Well, Mr Flanagan's dealt with that. I take it from your statement those two paragraphs, 71 and 72 - - -? ---Yes.

- - - that the available budget for a prime contractor was a question of interest or relevance. Why was that, I'm asking, if what you tell us is that the budget in fact was irrelevant to the evaluation process?---I didn't design the ITO process.

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No, I understand that?---But - - -

But you were involved in the evaluation of the tenders on the basis of their costs?---Yes.

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You tell us that in that process the available budget was irrelevant. I'm just curious to know why at an earlier stage in your participation you were discussing the budget figure?--My participation in? 1

The evaluation of the costs?---About 153 million was done outside of the tender process. I may have come across in that in my role as director of fiscal strategy.

That's right?---So understanding the funds and the flows of funds, and that sort of thing, that may have been the capacity in which I was aware of 153 million. 10

MR FLANAGAN: May I take you to what's identified at page 26 as the key IBM assumptions. There are a number of assumptions made by IBM that have a significant impact on CorpTech resourcing for identified parameters that are likely to drive price variations in the future. Most of the risk associated with the assumptions of the offerors were identified and considered in the analysis of the various sections that led to the overall scores?---Yes. 20

The risk associated with the assumptions the offerors were identified and considered in the analysis of the various sections that led to the overall scores, how was that done? ---I don't know. I can't recall.

Can you just give us some insight into the process for how that happened?---No, sorry. What this section was trying to do was just pull out some stuff that should have been covered - would have been covered as part of the evaluation but to highlight it so that in moving forward, you might want to think about these things if you're going to move to a contract negotiation or you're moving into negotiations, here are some salient points that you might want to think about. 30

So just so we understand, you're not so much talking about these IBM assumptions in this appendix D for the purposes of identifying how the evaluation was made, but rather you're saying these assumptions are something that one should note - - -?---Yes. 40

- - - for the purpose of contractual negotiations?---For the purposes of the next step, making a decision about the next step.

But in terms of the risk associated with those assumptions, I understand that the report is saying those risks have been taken into account in relation to costings for the purpose of comparing like with like. Yes?---I assume so. 50

And I think my question to you is: can you assist the commission in telling us how those risks were not only identified but costed?---I don't know that the risks were costed.

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Given the nature of the assumptions you've identified in your report - and some of those assumptions are an assumption about the quantity and mix of CorpTech staff. Do you see that?---Yes.

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there's an assumption that IBM will convert all best estimates to fixed price deliverables after three months of intense support planning across the sector. That's another assumption. It's also an assumption that the strategy or observation that the strategy is heavily reliant on all agencies participating up front - - -?---Yes.

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- - - and nominating representatives who are delegated authority to make decisions about agency funding and development?---Yes.

That is, the costings are identified by IBM or the assumptions identified by IBM could well blow out if the relevant government departments hadn't identified proper scoping and done proper mapping for the purposes of the transition. Yes?---Yes.

20

But from your own experience, do you appreciate that a proper mapping exercise or a scoping exercise can take in the order of six to nine months?---I don't know.

You don't know?---I don't know. But I think those assumptions - some of those risks would have held true regardless of who was the successful offeror. You know? We were assuming under the prime contractor model that we, in government, were going to behave differently. Didn't matter who was going to be successful. All of a sudden, you know, that model was going to assume we were going to make decisions more quickly, we were going to have cooperative agencies and, you know, be aware that, presumably, that's all going to happen under the prime contractor model. That's what that was trying to say.

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Right. Okay. Can I take you to volume 20, page 587? ---Sorry?

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Volume 20, page 587. We'll get the volume to you? ---Thanks.

This is called Summary of Financial Issues Appendix E? ---Yes.

Can you just look at that document? I'm going to ask you whether you authored it?---I think I did. I can't recall specifically writing it but I may well have authored it.

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Was anyone else involved in the drafting of this appendix E?---I would have received information, so where I'm sourcing information, I'm sourcing that from other places, but - - -

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And if you look under the heading at page 588, Purchase Quality Affordability, in the third paragraph, it says:

Under IBM's proposal, the central funds will extend to paying for the priority core development release 6, excluding agency specific and OSF functionality?

---I'm sorry, where are you at? I didn't - - -

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Under the heading Purchase Quantity, Affordability?---Yes. 1

Do you see that? Third paragraph?---Yes.

And at the end of that third paragraph, it says "(however far the money extends)". Do you see that?---Yes.

They were your words?---I guess so, yes.

What was the purpose of identifying how far the money would extend. Sorry, can I just start with this: when you refer to how far the money would extend you were, of course, referring to the remaining budget for the roll-out, weren't you?---Yes. That was to provide some information in the event the negotiations were going to be about staging the roll-out, or staging the prime contractor model. 10

All right. And, similarly, under the last heading on page 588, Affordability of IBM Deliverables:

The extent of IBM deliverables that can be funded from available funding sources are outlined in the table below, and you have extended the table as far as available money will allow. 20

Do you see that?---Yes.

Did you actually do the exercise in relation to compiling the table that went with this, which we do find in appendix D?---I don't know whether I would have sources that, I think that would have come from the information in the costing team, the costing spreadsheets would have been compiled from that information. 30

All right. Thank you?---And I don't know if I specifically compiled it but somebody else may have.

Thank you, Mr Commissioner, that's the evidence-in-chief of Ms DiCarlo. 40

COMMISSIONER: Yes, thank you. Mr MacSporran.

MR MACSPORRAN: Thank you, Mr Commissioner.

Ms DiCarlo, from what you've told us your role on the cost panel as part of the evaluation process seems to have been rather mechanical?---Yes, it was.

And there was yourself, Colleen Orange, who was the team leader?---Yes. 50

And Mr Shah, who was the other member of the team?---Yes.

How much work did you carry out in trying to ascertain that the figures could be compared like to like between

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Accenture and IBM? Do you recall, now, the amount of work that required?---No, but it was - look, my recollection was that it was fairly tedious, it was a lot of data entry but it was a function I guess of how desegregated the information came into us, how it was desegregated.

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And you told us, I think, that Ms Orange by in large entered that data into a spreadsheet formula which had been provided for that purpose?---I think several - I think there were quite a few spreadsheets, yes.

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Now, you may have answered this earlier, I think, but on occasion during the course of that process there was a need to seek assistance outside your team. Do you have any idea, now, who that assistance was obtained from?---No, I don't, sorry.

What sought of expertise was sought?---I'm assuming it would have been from the other teams where there would have been technical expertise.

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Apart from that interaction, if it did occur with other teams the costing evaluation process was kept separate from the other evaluation processes. Is that correct?---Yes, well, my recollection - well, yes, it was.

I'll just take you back to volume 22, page 24, which is part of that appendix D I've been taking you to?---Yes.

You'll see the heading there again Purchase Quantity, Affordability?---Yes.

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And you see the second last paragraph in that section before the affordability heading, you have some figures there - - -?---Yes.

- - - which were added to the figures put into your evaluation for IBM?---Yes.

Is \$1.8 million for finance, 4.4 for HR, and the next paragraph you add another \$4 million for release 6 and so on? Is that an example of where you sought expert assistance outside your team to provide some sort of basis to compare the figures?---I think it is, yes, I think it is. So trying to compensate where there wasn't comparability.

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This section of your appendix D under that heading does in fact comment on your process of evaluation for costings? ---It does or it doesn't?

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It does, does it? So I'm asking you: does it in fact comment on the process - - -?---The process?

- - - you went through in carrying out your evaluation of the costs?---No, well, what it's doing is identifying that, that's an area that can impact on future cost because we made assumptions. So while we made provision to try and make them comparable, that was something that we thought was a reasonable approach or had been advised to us as a reasonable approach, but that was yet to be tested with IBM, I'm presuming.

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But at the same time it seems to explain the process you went through to arrive at a basis for comparing like with like?---Yes, it does; yes.

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As you've told us, Ms Bugden became unavailable to lead the team as she - - -?---I didn't tell you that, no. Did I tell you that?

I think you were asked whether you knew why she became unavailable?---Okay, so she became unavailable.

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Do you recall having any contact with her during the course of your evaluation of the costings?---Look, I just don't remember, sorry.

And I take it from what you've said thus far, you don't have any notes yourself of this process you went through during the course of conducting the evaluation?---Any - - -

Any notes. You didn't keep any records yourself of what you did?---Well, we weren't allowed to.

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The first time you were asked to recall all this was when you were interviewed by the commission - - -?---Yes.

- - - recently - - -?---Yes.

- - - about these events that occurred some years ago? ---Yes.

Thank you.

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COMMISSIONER: Thank you. Yes, Mr Doyle?

MR DOYLE: Thanks, Commissioner.

The process that you've just been asked about of the mechanical process, as you described it, was to transpose some figures from schedules provided by the tenderers onto a schedule that someone in your group had prepared?---Yes.

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Or had been given?---Had been given, yes.

And would it be right to say that they were headline figures or categories, that is, you look at the sheet or item of work number 1A on the tender from Accenture and the

tender from IBM and you transposed the figures they gave onto your schedule?---It sounds reasonable but I really don't recall the detail.

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Well, that'll do. I'll assume for my purposes that's what you did. Your team was given the description, I think, as the cost evaluation team. You were involved in doing something about costing, but essentially it was to transpose figures onto a schedule?---Correct.

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If the figures which the tenderer gave were estimates, you tried to calculate what that meant in a dollar figure so it could be compared with the other tenderer's figure?---Well, I think we wanted them to be comparable.

Well, I've put that badly. If, for example, a tenderer had gave a figure of so much per month and the other tenderer gave an aggregate figure, you'd need an understanding of how many months are involved in order to make them comparable?---Correct.

20

And that would either appear from the tenderer's documents or you'd ask for some further information to assist?---Correct.

And in some instances, a tenderer may not have provided a figure at all for something?---Correct.

And you'd need to make some informed idea of what that would cost?---Yes.

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And you would do so by asking for more information from someone?---Correct.

But that exception, that kind of thing, it was wholly mechanical transposition - - -?---Yes, it was.

- - - of information?---It was largely mechanical.

And the end product of that calculation was to work out a figure for phase one, do you recall that?---Well, I don't recall if it was just for phase one.

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I wasn't going to - - -?---Yes.

I'll put it again. You worked out a figure for phase one and also a figure for phase two?---Well, for the stages that were identified, I guess, as part of the proposal.

Thank you. Now, some of the figures were given to you in a form which required desegregation so that you could break it up into relating to item 1A and 1B and 1C - - -?---Yes.

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- - - as the case may be, and that might be another instance where you needed to consult someone to help you desegregate the figure?---Yes.

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But having done that, it was just a transposition task then?---Yes. **1**

Thank you?---Is that it?

Sorry, I'll keep going if you'd prefer.

COMMISSIONER: Mr Flanagan, is Ms DiCarlo finished?

MR FLANAGAN: Yes. **10**

COMMISSIONER: Thank you, Ms DiCarlo, you are finished?
---Thank you.

WITNESS WITHDREW

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MR FLANAGAN: I call Michael Lewis. 1

COMMISSIONER: Have we lost our first witness?

MR FLANAGAN: He was there, Mr Commissioner, so he's not far away.

COMMISSIONER: Have we lost Mr Lewis?

MR FLANAGAN: He was outside waiting. Sir, do you want a short adjournment? 10

COMMISSIONER: Well, no, if he's not far away, I'll wait. I think we've lost the witness coordinator too. Mr Flanagan, sit down if you want to.

MR FLANAGAN: Thank you.

LEWIS, MICHAEL PAUL affirmed:

COMMISSIONER: Sit down, please. Thanks. Mr Flanagan? 20

MR FLANAGAN: Would you give your full name to the inquiry?---Yes, Michael Paul Lewis.

And Mr Lewis, have you signed a statement in these proceedings?---I have.

Would you look at this document, please? That's a statement you've signed?---Yes. 30

And it has five annexures, annexure A through to E?---Yes.

And you declared that the contents of that statement are true and correct to the best of your knowledge and belief? ---Yes.

All right. Thank you. I tender that statement, Mr Commissioner. 40

COMMISSIONER: Yes. Mr Lewis's statement is exhibit 16.

ADMITTED AND MARKED: "EXHIBIT 16"

MR FLANAGAN: Mr Lewis, you hold a bachelor of accounting from Canterbury University. Is that correct?---That's correct.

You first joined Queensland Treasury in 1983?---Yes. 50

And you were with Queensland Treasury from 1983 to 1988 as a senior finance officer and a senior project officer? ---Yes.

And as at 2007, or at least June 2007, you were the acting executive director policy Shared Services Initiative policy and program office in Queensland Treasury?---Yes.

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Is that correct? Thank you. And Mr Lewis, you participated, did you not, in the evaluation of the ITO in relation to the prime contractor for the Shared Services Initiative?---I did.

Now, did you have any involvement in drafting any part of the invitation to offer?---No.

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You were ultimately appointed as the team leader for governance for the evaluation panel. Is that correct? ---Correct.

And who asked you to assume that role?---Barbara Perrott.

All right. Now, can you just explain what the issue of governance in terms of assessing or evaluating these tenders involved?---My recollection was that it was about how the overall project would be managed by the successful tenderer, looking at the linkages into the Queensland Government and just basically how the whole project was going to be run.

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All right. What was Ms Perrott's role in the tender process?---She was the coordinator - well, my understanding was she was the coordinator of the whole process and there were a number of teams that were working on different parts and she was the overall coordinator.

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Who led the process?---She did. Well, that was my understanding. There were a lot of people involved in it but the overall process was sort of coordinated by her.

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What was Mr Burns' role?---He was one of the numerous people that were involved in it.

Can you tell us anything about his role from what you observed yourself in terms of the evaluation process?---Sorry, could you repeat that?

Yes. Can you tell us what you observed yourself as to Mr Burns' role in the evaluation process?---As I said previously, he seemed to be one - well, he was one of the numerous people that were involved in the evaluation process.

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Would you agree with the proposition that he led the process? ---I think he had a major role in it but there were a number of people who had - you know, significant roles in it and he was one but my recollection was that Barbara basically ran the whole - well, had responsibility of coordinating the whole evaluation process.

30

All right. When you say he had a major role, could you explain what that role was?---Well, there were a number of senior people that were involved in it and he was one of those.

Was a Mr Keith Goddard also involved?---Was?

A Mr Keith Goddard also involved?---The name sounds familiar but I can't remember exactly what his role was.

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Okay. On your team, sir, there was a Steve Mitchell and a Tracy Laurence-Johnson. Is that correct?---That's correct.

Did you pick those persons for your governance team?---I can't remember how the three people were put together, no.

At paragraph 29 of your statement, you state that you had been involved in previous tenders. Did anything strike you as unusual or out of the ordinary in relation to this particular tender?---Look, I think the only thing that was unusual about it was that it was pretty big and pretty important. That's what probably - it was probably the biggest one that I had ever been involved in.

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All right. At paragraph 30, you say that the key issue for Queensland Health was that LATTICE was to be unsupported. Could you explain to the commission how that issue weighed in your mind, at least, in terms of the evaluation for governance?---Look, I didn't have the technical knowledge but my understanding was that the government was trying to roll out a number of new systems for its back office functions and that Queensland Health System was in urgent need of being replaced and so they had to come up with - and I think it had been put off for quite a while, so there was some urgent need to come up with a new system for their payroll.

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Thank you. Now, you say at paragraph 33 of your statement that the governance team carried out its assessment of the tenderers by reference to what was known as an evaluation criteria matrix. Do you see that?---Yes.

Can you recall who in CorpTech or drafted the matrix?---No, I don't remember. I can only assume that we would have put that together. I think we would have had some input into it, the three members of the team, in conjunction with people from CorpTech but I can't remember how the final criteria actually was put - the matrix was originally put together.

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Did you play any role in determining the scoring framework and the weighting that each subcategory would get?---Look, I can't remember exactly but I assume we would have. We would have had some input into it.

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All right. Now, may I take you to some documents then. If I could start with volume 20?---Sorry?

Volume 20, you will be given volume 20?---Sorry.

Just before we start with volume 20 and the page that I'm going to go to is 564. Before we come to that, would you just outline in general terms your own recollection of how your governance sub-team carried out the evaluation, so I need it in stages. What was the beginning stage in terms of doing an initial scoring for the evaluation?---My understanding was that each of the three members of the team were given copies of the three tenders and that each of us initially made some assessment of the value of - yes, what we considered from the government's perspective were they key points of each of those tenders.

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And when you say - - -?---And then we would have scored those individually.

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Then would you moderate that score?---All the way through our process, we were continually discussing the progress of each of the submissions. The Logica one was put aside fairly early in the piece because my understanding was that

it wasn't a full submission so we really concentrated on the other two and we would - we would have done some initial scoring individually, we would have come back and compared those, we would have changed our scores as a result of those discussions, made comments and then - would you like me to keep going?

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Yes, please?---And then we would have then attended some presentations by Accenture and IBM, further discussions, further changing of scores up and down, you know, meetings in coffee shops to discuss - so it was like an ongoing moderation or - you know, evaluation of that and my recollection was that went on for about two weeks, I think.

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Right. Now, when you say you were given the responses to the tender, did that include the pricing schedules?---I think we were given access to the full submissions. My recollection was that we were, yes.

Do you have any recollection of price being quarantined until the - - -?---No. I didn't pay particular attention to that because our focus was on the governance and how the project was going to be run. I mean, I was aware that there were other people who are looking at that in detail so we didn't pay a particular attention to that issue.

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As you have described that process to the commission, was that process involved in the three team members; that is yourself, Mr - - -?---Mitchell.

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- - - Mitchell, and Ms Laurence-Johnson, discussing between yourselves the scores, the clarifications, the presentations for the purpose of arriving at your scores?---Absolutely. So we were continually changing things, discussing things. We would go to presentations, we would come back, change our scores, discuss it, keep notes along the way, you know, keeping a list of working papers like that with the idea that our focus was on eventually at the end of it having to produce a final submission to - - -

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In that process, was there any other persons you spoke to?---In particular around the scoring, are you talking about?

Quite?---No. That was amongst ourselves. We were part of the broader group that were doing the evaluations, so we would sit in a room and hear other conversations that were going on but in terms of the preparation of our scores, our comments, our final report, it was just between the three of us.

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Did the sub-team leaders meet at all; that is, you were in charge of governance, or the leader for governance and there was a leader for technology and a leader for - - -?

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---I can't remember particular whether that happened but there was certainly times where there were the whole group in the room, yes.

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All right. Now, if I could just take you to this document which is in volume 20 at page 564. It's undated?---Yes.

It's called Evaluation Criteria Matrix and it's version 2.0. Do you see that, at the very top?---Yes.

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And it identifies four persons as participating in the evaluation panel. Can I take you to that, to Ms Barbara Perrott was in fact not part of your team?---No. My recollection that she was originally intending to but because of her other work, pressure on her to lead - well, to basically lead the exercise, then she decided to leave it and ask me to become the team leader.

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Was she originally going to be the team leader for governance, was she?---I don't recall that, just whether that discussion was ever had.

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If you look at the scoring, you'll see for Logica that only one person, Mr Mitchell, has scored Logica. All the others are NA. Is that because at that time you thought the Logica bid was non-complying?---As I mentioned before, there were numerous versions of this document prepared by the three members of the team. It appears that some of them have been saved and some of them weren't saved. I can recall myself having sort of seven or eight versions and changing the scorings at different times through the process, based on discussions that we'd held and maybe further information that had become available.

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Yes?---So it was an ongoing process of changing the scores up and down. I can only assume - I don't know who would have prepared this document that's, you know, it's just another working document.

Quite. But can I ask you this question: did you do any scoring as a sub-team before you had read the proposals or before you had read the responses of both IBM and Accenture to the ITO?---My best recollection is that I would have taken a folder like this home or back to my office, read through it, done some initial scoring and made some initial comments, and that would have been it, and I would assume that the other two members would have done the same. I don't think we would have done any scoring before we'd actually seen the submissions.

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Quite. So can we take it that this scoring that we see on the page here at 564 is scoring that was undertaken by your team after your team and yourself had read the tender responses of both IBM and Accenture to the ITO?---I think it's a sheet that was prepared by someone. It could have been an individual or it could have been done collectively. I'm not sure. There's no date on it, as you can see, so it was one of the many - I put it to you that there would be a number of sheets like this and they would all have different scores on it and different comments on it because it was an ongoing process over that two week period or whatever the period was.

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Quite. That's not my question, though. My question was: can we accept that the scoring undertaken by yourself, Mr Mitchell and Ms Laurence-Johnson as evidence on the

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sheet for scoring that only took place after you had all read the proposals from IBM and Accenture?---It appears that way. What timing it was done, it's hard for me to say.

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I'm not asking about timing?---No.

The only timing I'm asking you about is that this scoring took place after you had all read the responses, surely? ---Yep, it would appear that way.

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It's not a difficult question?---No, no.

You would not have scored even on a preliminary basis unless you had read the responses, surely?---Yep, that's reasonable.

Yes?---Yeah.

Do you accept that?---Yes.

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And if you look at the scoring that's done there, you'll see that the scoring is different for each individual team member, isn't it?---Yes.

And at this stage of scoring, having read the responses, the scores are 4.20 for IBM and 3.20 for - sorry, 4.20 for Accenture and 3.20 for IBM. Is that correct?---Again, I make the point that - - -

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I'm not asking you to make a point; I'm asking you to answer my question. Is that correct?---That's correct.

Yes?---But it may be an individual's record; it may not be the combined teams.

There are three scores for three individuals there, aren't there?---Yes.

And then there is a moderated score, isn't there?---There is, but we all kept working documents all the way through. And how up to date that was, you know, if I hadn't caught up with Steve that particular day, I may not have got his latest scores or I may not have got - chased this lady's scores. The point I'm trying to make is that there were a number of documents.

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You've made that point several times and I understand it? ---Okay.

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And you can take it that Mr Commissioner understands it, but we'll get through this faster if you turn your mind to my questions. My question is simple. Can we take it then that these scorings by the three individuals in your sub-team constitutes the original scoring or close to the

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original scoring done after you had read the responses?---I don't know that was the original scoring but it was a set of scorings that were done at some stage, yes. 1

And those scorings would have reflected at that time each team member's views in terms of scoring as at a particular point in time of where those proposals lay?---The simple answer is yes but because each of us were changing our scores progressively, it doesn't - you know, it's hard to say that at that particular date, if we knew the date, that would be the up-to-date version. 10

At this stage we're just trying to understand what documents we've got in front of us?---Okay.

You'll appreciate they're not dated for us?---Mm.

You'll appreciate we don't have a - - -?---No.

- - - tender directory that would tell us when these documents were created?---No. 20

Nor do we have a directory that tells us who created these documents. You appreciate that, don't you?---I do.

So from the limited documents we've got, we're trying to recreate what actually happened in terms of the evaluation for the governance sub-team. Yes?---Could I make a point that we knew which date it was and let's just say that this was a document that was mine, the other two persons on that particular day may have different sheets. 30

Why would you moderate three scores then?---Well, we were working progressively to do that.

If you examine the three scores of the three individuals shown on that sheet I'm showing you, you'll see that scores are slightly different. That is, each individual has scored and then those scores - - -?---Sure. 40

- - - have been moderated?---Mm.

That would suggest a team effort, would it not?---No. We were doing it individually and we were coming together, and as we did it individual, we updated the sheets progressively.

COMMISSIONER: But you wouldn't have scored for Mr Mitchell, would you? I mean, you might have recorded his score, but you wouldn't put down a score for him, would you?---Sorry? 50

Well, there are, as Mr Flanagan points out, three sets of scores, one by you, one by Ms Laurence-Johnson, one by Mr Mitchell. Now, you wouldn't have put down scores for

Janette Jones or for Mr Mitchell, would you, and they wouldn't have put down scores for you. So can we take it that the scores that appear under each name are the scores those people themselves put in?---I guess the point I'm trying to make is they may have been the scores that we had recorded two days ago - - -

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I understand that?---Yes.

So does Mr Flanagan, I'm sure. The question is simply: did these not reflect scores that people at one point in time - - -?---Yes.

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- - - themselves ascribed to the two tenders?---At one point in time and each of those times may have been different.

Yes. Well, I take it there's some effort involved in moderating?---Certainly at the very end.

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All right. So moderation takes place at the end, does it? ---It was done ongoing, your Honour.

Well, which is it? Is it done on an ongoing basis or done at the end?---Sorry?

Did the moderation of the scores occur every time someone put down a score or changed a score, or was it done when people had come to their final view about the scoring?---I think that they changed a number of times during that material time.

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That's the moderation change?---Yes.

All right. Mr Flanagan?

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MR FLANAGAN: Thank you, Mr Commissioner.

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Would you please turn to page 562 in the same volume? Just accept for present purposes that the date on this document is actually correct, so it's actually a dated document this time and it says 8 October 2007. Do you see that?---I can see that.

Accept for present purposes that this date of the document is prior to any clarifications or presentations of those clarifications you received from either IBM or Accenture. Do you understand me? That is, that this document would predate, or does predate, any clarifications given in documentary from IBM and from Accenture. Do you understand that?---I think so.

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So prior to receiving further information from the tenderers, it would seem that this is a version later in time to the version I've just shown you because whilst it's got the same scores - sorry, it's got some different scores on it - it has some commentary. Do you see that?---Yes.

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Now, if you look at the scoring this time for Accenture, it's changed from 3.9 - sorry, changed from 4.20 to 3.90, correct?---Yes, I can see that.

And for IBM, the scoring's gone from 3.20 to 3.93. Do you see that?---Yes.

And if you look at the ITO criteria, its identified in terms of the five points, C1, C2, C3, C4 and C5, yes? ---Yes.

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And the recommendation, however, with the scoring at 3.90 for Accenture and 3.93 for IBM reads as follows:

Accenture's proposal had a very strong governance frame work compared to the other two bidders; that is, the Accenture's governance frame work has been compared to the other two bidders and assessment is being made that Accenture's proposal has a very strong governance framework.

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Were they words written by you?---I don't know who wrote this document. As I said to you before, we were each preparing, independently working copies, this is a draft prepared by one of the team members. I put it to you that there would have been similar drafts maybe indicating comments about Logica or comments about IBM.

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Well, this is the draft we've been given. This is the government's response to what documents they had from the governance evaluation panel. Do you understand that?---I do.

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So this document would seem to show - because down below you might see that there's a date provided for, it's not signed by you nor by Lawrence Johnson, nor by Mr Mitchell, but there's a date provided for of 10 October 2007, but the document, on its face, would seem to be different scoring by each sub-team member, a moderated score thereafter and then a comment. And what I'm suggesting to you, Mr Lewis, as a matter of commonsense, that comment would seem to be the comment of that sub-team, your sub-team?---No.

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No?---No.

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Why are you denying that?---Well, because I know that there were various versions of these documents prepared through the process, and the only one that I can say was agreed to by the team was the final one.

If that wasn't a comment made by you or your sub-team, who made that comment then?---I'm not saying it wasn't made by one of us, I don't know which one of us.

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So you're saying it may have been made by one of the sub-team members, not yourself because you don't have a recollection of making it, do you?---No.

So one of your sub-team members made it as an individual, is that what you're saying?---Absolutely.

Why would your sub-team members refer to your scoring for the purposes of this document then?---I can't answer that.

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You can't or you just don't want to answer these questions? ---Because I can't remember. All I know is, as I said, there were a number of working papers prepared with different scorings on and different comments about the two providers during the process.

I'll just read on:

Accenture indicated playing an active involvement in the strategic management and execution level, and indicating clearly how the project should be managed embedding Accenture staff in key leadership positions, incorporating additional governance forums, a released based approach with joint HR finance roll-outs and other structural improvements, for example, adding a manager of benefits, realisation in the SDA, or added strength to the governance model.

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They're your words, aren't they?---They're somebody's words.

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No, I'm putting it to you, Mr Lewis, that they're your words. They're words you wrote as a team leader having moderated the scores of your other team members - - -?
---No.

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- - - they're your words, aren't they?---They're words written by one of the team.

You're the team leader?---After evaluating. As I said to you before, we each did our scorings independently.

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Are they your words?---No.

They're not your words? You have a specific recollection they're not your words?---No, sorry. I don't recall them being my words.

Could they be your words?---They could be.

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In any event, let's try an easier question. It is your recollection that in at least the initial stages of assessment you had Accenture as the tenderer who you were intending to recommend?---My recollection through the process was, across the three of us, our views changed during that two week period through our discussions.

I quite understand that?---Yes.

You've said it several times, we all understand that. My question is: you knew that, at the initial stage at least, you had intended to recommend Accenture?---I don't recall that.

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Could we read, and should we read, that recommendation as being a recommendation for Accenture not IBM?---That's a question?

That's a question. How do you read that recommendation there?---It certainly indicates that.

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Indicates what?---That Accenture had scored well. One of the members of the team had scored Accenture well at that particular time.

You see, the comments - - -?---I put it to you that similar documents would have said similar types of things about IBM.

Can you explain this, though: the recommendation would seem to favour Accenture on this document. Yes? Would you agree with that?---On that particular document, which is one of many.

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Can you explain though why that recommendation is in favour of Accenture given that IBM, on this particular document, is scored slightly higher?---I think that through the process the scorings and the comments were not necessarily the same, in agreement with each other. They were just used as working documents through the process.

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Can I take you then to page 551?---500 and - - -

51. There's a few reasons I take you to this document. First of all, can I ask you to notice that it's also version two and it's also dated 8 October 2007 at the top. Can we take it, given that you've signed this document and dated 14 November 2007, that when one reads a date of 8 October 2007 it does not necessarily mean it's the date of the document and not the date the document was created?--I think the relevant date on this is 14 November.

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Quite. If you look then at the scoring, and it's a little bit difficult to read, but I think you'll find the scoring remains the same of Accenture at 3.90, IBM at 3.93, the same ITO criteria and the recommendation now reads, "IBM's proposal has a more streamline governance frame work compared to the other two bidders." Do you see that? ---Yes.

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I think the wording that was used for the previous document that I took you to was, "Accenture's proposal had a very strong governance frame work compared to the other two bidders." So the first sentence now reads, "IBM's proposal has a more streamlined governance frame work compared to the other two bidders, and makes greater use of existing CSRO structures." What are CSRO structures?---I think it was the corporate services reform office.

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Yes. "The IBM proposal better delivers the highest priority agency." What is meant by that?
---Implementations, I think. 1

Implementations, right. Is that a reference to the Health Payroll rollout?---(indistinct).

When it says it delivers the highest priority agency implementation outlined in the ITO. Is that a reference to Health, Queensland Health?---I assume so, yes. 10

"The proposal for the minimal payroll solution for QH by August 2008 also helps mitigate risks." Correct?---Yes.

Now, the issue of replacing LATTICE and TSS are better dealt with by IBM. Accenture indicated paying a far more active involvement at the strategic management and execution levels and project management but at a considerable additional cost. The IBM proposal keeps the existing best of breed products which already represent a considerable investment by government. The IBM proposal will require CSRO to be more actively involved but overall, was a better response to the ITO. 20

Then it's signed by yourself, Ms Laurence-Johnson and Mr Mitchell. Is that correct?---That's correct.

Now, that constitutes the final document that was presented, was it not?---It was. 30

It was, yes. Now, did you write the words that I have just read out for you under the heading Recommendation?---We would have - an agreement between the three of us on that wording. There may have been a bit of argy-bargy amongst the three of us in terms of agreeing but it would have been words that eventually the three of us would have accepted.

All right. If you go to page 541 which is - - -?---Sorry, 5 - - - 40

541. Do you recognize that document?---I haven't seen this document - well, I may have back then but I haven't seen this document recently.

Did you draft this document?---Are you talking about the whole document from 541 through to 551.

Yes, it's only dealing with governance, is it not?---I don't remember, no. 50

All right?---It doesn't look familiar with me but I'm not saying that I didn't but - - -

Can I take you to the risk document then, which seems to be part of it and it's at page - commences at page 547. It's a table that summarises risk, then there's a table that summarises issues but if I could deal with the table that summarises risk, "For Accenture IBM, a risk is identified in item 3 as insufficient funding is available to fund the proposal." Do you see that?---Number 3? 1

Yes?---At the bottom?

Yes?---I can see what you're saying. 10

My question is how did you know in identifying the risk from a governance perspective that there were insufficient funds in the remaining budget to accommodate the proposal of both IBM and Accenture?---I can't answer that question. As I said, I'm not sure where this document came from. I don't recall preparing this document so it's very hard for me answer that question. 20

Do you have any familiarity with this document at all?---No. 20

All right. So do we take it that this particular document that wasn't drafted by you or a team member?---As I said to you before, I don't recall who drafted this document. I certainly haven't looked at it recently and just looking at it quickly now - no. It's very hard for me to answer any questions about this. 30

It's a document that is dated 19/10/2007. If you just turn over the page, item 12, IBM, they are still dealing with risk. "Workbrain is proposed to be used for all agencies for award configuration." Have you got that?---Sorry, I'm not sure which page you're on. 30

It's on page 548, it's item 12?---548.

Item 12?---Yes. 40

"Workbrain is proposed to be used for all agencies for award configuration." Do you see that?---Yes, I do. Certainly from the governance point of view, we had nothing to do with Workbrain so it had to have something in about Workbrain, it was nothing to do with our - - -

That would suggest in itself that you're not the author of this document?---Absolutely.

Can I take you then to issues?---Which is page 550. 50

550?---Mm'hm.

"For Accenture, the Health HR solution will not be implemented until November 2009. LATTICE will be out of support." Then for IBM at item 5, "Some assumptions made

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by IBM are erroneous and affect costings and deliverables." 1
Was there any part of team's analysis in terms of
governance that these risks or issues were identified in
determining your particular recommendation?---Look, I find
that - I can't recall that. I mean, we probably would have
looked at that as part of reading the whole submissions but
I don't recall having particular - to that.

Yes?---I think we would have made some general assessment 10
about (indistinct) as I said, I don't recall this document.

Good. May I show you a document that has only recently 20
come to us which is a document that seems to be authored
by you called Strategy and Reporting and it's dated
21 September 2007. Do you know what this document relates
to?---Through working in the Shared Services Initiative at
different times, we were required to present presentations
on Shared Services, conferences, senior officer's meetings,
that type of thing. It looks like one of those types of
Powerpoint presentations which we tend to do quite 20
regularly.

Can you just go through it? My question is, has this got 30
anything to do with the ITO process; that is, was it a
presentation that you made by way of information to any of
the tenderers - any or all of the tenderers?---I don't
recall it being part of the tender process. As I said to
you before, it looks like a Powerpoint presentation which
could have been used on a number of different occasions in
a number of different forums. We were required to make 30
presentations fairly regularly.

All right. Does it seem to have anything to do with the 40
evaluation process though?---I certainly don't recall it
being part of the evaluation process.

Thank you. You can set that aside and I won't tender it.
May I then take you to volume 13, page 82?---Page 83?

82?---82. 40

You will see there it's a clarification request, dated
9 October 2007 from Accenture, and I'm just trying to find
a date on the document.

COMMISSIONER: 9 October.

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MR FLANAGAN: Yes. The last modified I had was 4 September 2007 at the end of the document, but 9 October is the actual date of the document, yes, you're quite correct. "A written response will be required as soon as possible after the session but no later than close of business Thursday, 11 October 2007." And if you could just turn the page, you'll see that at least two of the issues that Accenture are asked to clarify in terms of the response, the first is: "What are the cost risk and the benefits in moving away from our best of breed products to SAP centric products." Do you see that?---Yes.

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Did you draft that question?---I think the team would have drafted the questions.

And then 7: "What do you plan to do around legacy support for LATTICE beyond exploring options, go live is not planned until June 2009?" Did you draft that question? ---All of those questions for governance would have been drafted by the three members of the team.

20

All right. Now - - -?---We would have agreed - we would agree, the three of us, that those questions could go forward.

The reason I'm bringing that to your attention, Mr Lewis, is because if you turn back to volume 20, page 551?---Yes.

They were two issues that you identified in your recommendation. Correct?---I think so, yes.

30

The issue of replacing LATTICE and TSS are better dealt with by IBM. That's one of the issues you identified in your recommendation?---Mm'hm. Yes.

And the second issue is that IBM's proposal keeps the existing best of breed products, which is exact reference, it would seem, in question 1. Yes?---Yes.

40

So if you then turn in the same - sorry, I need to take you to a different volume, I'm afraid. Volume 6. And may I ask you to turn to item 6.3.31 in volume 6?---6.3?

6.3.31. It's an item. I might be able to give you the page?---The page, yes, that would help me.

Page 91?---Page 91?

Yes. I might have the wrong item number.

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COMMISSIONER: Yes, 6.3.15.

MR FLANAGAN: All right. I see. Does page 91 have clarification questions from Accenture dated 9 August 2007?

COMMISSIONER: It does on mine. 1

MR FLANAGAN: In any event, they're the relevant clarification questions for the - - -

MR MACSPORRAN: 179.

MR FLANAGAN: 179. Thank you. Yes, thank you?---So what page?

Page 179, please, in volume 6. 179 in volume 6?---Yes. 10

If you turn to page 185, you'll see there, even though it doesn't match up with the governance question asked in question 1 about best of breed products, the clarification question 4 says:

Please also provide your rationale of moving away from the best of breed products approach to such centric products approach, as well as the risk and issues associated. 20

For our purposes, it's suffice to say, Mr Lewis, that your panel at least received some information from Accenture in response to the clarifications you were seeking from Accenture on governance issues. Is that correct?---That document seems to imply that, yes.

Yes. And is it the case that when you received clarification answers from either Accenture or IBM, that you would read that material?---Yes. 30

All right. Thank you. Can I then take you to a similar exercise for IBM? Can you go to volume 30?---Volume?

30. Page 1483?---Page?

1483. Do you see there that it's an IBM document, CorpTech evaluation, governance structure and implementation schedule dated 16 October 2007. Yes?---Yes. 40

Do you recall receiving this document in the course of evaluating these tenders?---Not particularly but I'm sure we did.

All right. Can you turn then to page 1489? And one specific issue that seemed to be of interest to the governance evaluation panel, namely LATTICE support, is dealt with at page 1489 by IBM?---Sorry, I'm not sure what the question is. 50

You'll see there that IBM is actually specifically dealing with the mitigation of highly visible LATTICE support and functionality risk, in the second line - - -?---Yeah.

- - - at page 1489?---The risk associated with the sunset of LATTICE. 1

Yes?---As I said to you, my recollection was that we didn't have a lot to do with the lattice. We were aware that it was an issue but there were technical experts looking at that area more than we were.

But do you have a specific recollection as the head of the governance team requesting clarification from the bidders in respect to the issues that I've identified such as LATTICE support and use of existing software and programs that the government had at its disposal?---I don't have a particular recollection of that, no. 10

Can I be more specific in my question: did you or any member of your team, to your knowledge, seek clarification from the tenderers through either Maree Blakeney or Mr Burns?---Not that I can remember. 20

If it wasn't your team seeking clarification on governance, who was it?---There were a lot of people looking at a lot of issues. My recollection was that there were particular people looking at LATTICE and Workbrain, and, yeah, more of a technical side. I'm sorry I can't be more specific on that. 20

And in a similar vein, could you turn then or look at this document, which is dated 22 October 2007? Excuse me for a minute, Mr Commissioner. 30

COMMISSIONER: Of course.

MR FLANAGAN: No, actually, we can put that - that doesn't seem to be specifically in relation to governance, so we'll put that document aside, if we may. Having gone through the exercise of identifying the change in score, the change in recommendation, and also having gone through the exercise of bringing to your attention some of the clarification that was sought, if not by your team but by others, do you actually have a recollection of reading the clarification answers given by IBM and Accenture in relation to governance issues?---Well, I'm sure we would have read them and each of us would have made an interpretation of those, and we would have discussed it as a team. We certainly hadn't made any recommendations until we made the final recommendation. You said about recommendations, as I said, all of our documents were working documents, they were numerous. 40

Can I ask you these questions, though: putting aside any clarification you may have received from tenderers, do you have or did you at any stage feel pressured by any person involved in the evaluation process to change your team's scores for governance?---No. 50

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Did you at any time feel pressured by any person involved in the evaluation process to change your recommendation in relation to governance?---No. 1

Can I ask a more general question? Mr Lewis, did any person involved in the evaluation process encourage you to change your scores?---Not that I can recall.

That's a more general question?---Yes. 10

I want you to think about that. There's a difference between asking whether - - -?---Yeah.

- - - someone pressured and whether someone encouraged? ---Not that I can recall.

Mr Lewis, did anyone encourage you to change your recommendation?---No.

Was there a general view as at about 15 October 2007 that Accenture was ahead in the evaluation process?---I can't remember at that date. Through the whole process it was up and down. I mean - and our final report, as you would have seen, indicated there was very little difference witness the two from our point of view. 20

Yes. But Mr Lewis, you recall at one stage it was noted that in the evaluations that were taking place by all of the sub-teams or by a number of sub-teams that Accenture was ahead in the evaluation process?---I don't recall that. Each team basically worked independently. There were general get togethers of all of the teams. 30

Okay?---Yeah.

With the general get together of all the teams or indeed sub-team leaders?---As I said to you before, I can't - I mean, my recollection was that everybody was involved, so the three members of my team would have been there. I think everybody was invited to those meetings. There may have been meetings where just the team leaders were involved; I find that hard to recall. There were so many meetings and so many, you know, get-togethers. It seemed to take an enormous amount of our time. 40

Mr Lewis, there's one meeting, though, that stands out in your mind, isn't there?---Sorry?

There's one meeting that stands out in your mind, doesn't it?---No. The one meeting that stands out in my mind is when we signed the final document and we'd finished, that one. That's the one you're talking about? 50

No. I'm suggesting there's one meeting that stands out in your mind where Mr Burns encouraged the team leaders to revisit their scoring. Yes?---No.

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You don't recall? You have no knowledge of that - - -? 1
---I don't recall that.

- - - or what?---I don't recall that meeting.

You don't recall that meeting?---No.

Are you denying that meeting took place?---Well, I don't 10
recall that meeting taking place. As I said in my
statement and I said to you before, I don't recall - we
weren't put under any pressure to change our scores. We
acted independently and did our scoring between the three
of us.

I want to be clear about this - - -?---And agreed on that
between the three of us.

Are you denying to the commission that Mr Burns addressed 20
the sub-team leaders and encouraged them to relook at their
assessment and to rescore?---I - - -

Are you denying that happened?---I'm saying I don't recall
that happening. Yep.

It's something that you would recall if it happened,
wouldn't you?---There were lots of meetings, there were
lots of discussions all the way through this. It was a big
exercise and we were doing our normal jobs as well.

Would it have caused you a level of discomfort if Mr Burns 30
had actually addressed the sub-team leaders in those
terms?---I felt the process of selecting the prime
contractor was a proper process.

Nothing further, thank you, Mr Commissioner.

COMMISSIONER: Mr MacSporran?

MR MACSPORRAN: Mr Lewis, just a couple of matters about 40
the process itself. Could you go to volume 20, page 562?
---Page?

562. Have you got that?---Yes.

You were taken to this by Mr Flanagan. It's undated, I
think, but it's a template sheet that has a series of
scores and recommendation from your sub-team governance?
---Yes.

Tell me this: when you conducted your evaluation, you 50
describe the process generally, you read the responses, you
went away individually, you produced some scores, you came
back together as a team and you moderated those scores and
so on?---Produced scores, made comments individually,
yeah - - -

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Now, when - - -?--- - - - and then came back together, as you said, and done - did some moderation. 1

Yes?---May not have changed comments - may have; may not.

When you carried out that process, did you each have forms such as this?---Absolutely.

And how did you fill them out? Did you write them out yourselves or did you type them, or how did you complete them, in admission stage?---I would have had numerous copies and would have written them, and updated them and changed them and then started with another - - - 10

COMMISSIONER: Was there a secretariat?---Sorry?

Was there a secretariat for the different teams?---There was, and my understanding is that some of those forms went forward. 20

You'd feed the handwritten scores, I take it, to a - - -? ---I think it was an indication that we were working.

Sorry?---I think it was an indication that we were working, that progress was being made. Not every version - - -

(indistinct) I'm just wondering, is this how it happened, you all, as you say, had your own copies of the forms? ---Yes. 30

You would have put your scores in, each of you - - -? ---Yeah.

- - - in handwriting?---Yes.

And then someone would have taken that to a secretariat. Is that how it worked?---No, not all the time. I think that - well, I can only see - - -

What happened in your team?---Sorry? 40

What happened with your team?---My team?

The organisation around then?---I think each of the three members of the team would have had a series of scoring sheets in their hand.

Yes?---It would appear that some of those got typed up, some didn't, and we just had our own, so I would have had a bundle of scoring sheets here which I kept with me and I assume the other two members had the same, and we were just keeping those until we came through until the final - - - 50

I would have thought that the role of coordinator rested with the team leader, so you would have made yourself

responsible for getting the individual scoring sheets as they changed over time and either keep them in a central place or getting them to someone who would type them up centrally. Is that not right?---There was no emphasis for us to produce scores progressively through it; the end result was going to be our final recommendation.

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I know, but we're talking about the government, surely there was some organisation involved, surely someone knew what the process was of keeping the forms?---I kept my forms, other team members kept their forms, I knew they were keeping their forms.

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You were the team leader, didn't you ensure that your team members did what they were supposed to do, and weren't you making sure that the forms got to a typist somewhere?---I made sure that the other team leaders were keeping their documents, yes.

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And who typed them, was there a common secretary for all the teams, or did you have your own?---My understanding that there was a secretary, but maybe not all of the documents went to the secretary; but documents were kept.

I'm pleased to hear it?---I certainly had confidence that the other two members of the panel were keeping records of them.

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Yes, all right.

MR MACSPORRAN: Yes, certainly, that's what we're asking you. If I can take you then to volume 20, page 551, this is another form you were taken to in the course of your examination. Do you have that? That's the one, that's the final - - -?---Yes.

- - - score, that's the one you've signed and dated?---Yes.

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So we know, we can be confident, when that was completed - - -?---Yes.

- - - and in what part of the process?---Sure.

Your last assessment, as it were, your final assessment for your sub-team?---Absolutely.

But prior to that, we were trying to ascertain where these other forms fit in the continuum, part of this process. So if you go back to page 562, forward to page 562 again, that's a typed compilation, is it not?---Yes.

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So you would do your individual scores, as you've told us. Did the three of you do it routinely in your own handwriting initially?---Some may have done it by handwriting; some may have done it on, you know, on electronic template.

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All right?---You know, if I had been sitting at home and didn't have the template I would have done it by hand, and other people may have done it, whoever may have done that document would have obviously - either they typed it up themselves or submitted it themselves.

In any event, when you came back together as a team, a sub team, three of you - - -?---Yes? 1

- - - you would discuss the scores and produce, from that part of the process, a final scoring and possibly comments at that particular stage?---We were continually updating the scoring. I don't think we were updating the comments progressively, apart from discussions amongst ourselves and our own record keeping. 10

And what protocol, if any, was there as to which forms were submitted from your team somewhere during the process?---I don't recall that protocol being spelt out. I think, as I said to the chairman, that I think the idea was that there was some assurance that we were working and that some progress was being made with the emphasis being on, you know, we've got to finish this by a certain date and you'll have to come up with a final report.

Yes, so your recollection is that there was the submission of forms from time to time during the process, not just the last stage, it was from time to time?---Well, seeing these documents seem to support that, yes, and that seems to be my recollection. 20

But as to when in the process that occurred, other than the final one, 14 November or thereabouts, you don't recall? ---No.

Thank you. 30

COMMISSIONER: Yes, Mr Doyle?

MR DOYLE: Thank you.

Just one topic, Mr Lewis. Would you go to your statement at paragraph 22?---24?

Paragraph 22 - - -?---22. 40

- - - of the statement - - -?---Yes.

- - - where you say that you were not involved in the request proposal in any way? You don't know whether there was or was not such a thing prior to the ITO process. Would that be the right way to understand it?---Yes; I don't know.

Thank you. I have nothing further. 50

COMMISSIONER: Mr Flanagan, can you just help me? What was that first document that you took Mr Lewis to that had the scoring but no commentary?

MR FLANAGAN: Yes, that is volume 20, 564.

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COMMISSIONER: 564? Thank you.

Mr Lewis, you might just tell me this: we can show you the documents if you want, but it's the first one that Mr Flanagan took you to, it looks like an early version of the scoring sheet, it's the one that had Accenture at 4.2 and IBM at 3.2, volume 20, and page 564. Do you see that? You've seen it before, I just want to ask you a question. Do you see the scoring there, 4.2 for Accenture - - -? ---Yes.

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- - - 2.3 for IBM? Apparently later Mr Flanagan took you to it; the scoring changed; it's 3.9 for Accenture and 3.93 for IBM?---Okay.

And that document contains the recommendations for Accenture, and then this later one, or it appears to be the later one, that has the same scoring but the recommendation changes to IBM. Looking at the commentary you can see what it was that influenced your team. It said that IBM had the answers to the best of breed products and the early replacement of the Queensland Health payroll?---Yes, as I - - -

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Listen to the question. So I understand, on the face of that, why IBM's scoring went up. Why did Accenture's go down?---If I could start with that document, that document was prepared by the team but what stage it was prepared by the team - - -

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Mr Lewis, I know all that. Can you please answer my question? I can understand why, from what has been shown to me, what you say why you give IBM a higher score. What made you reduce Accenture's score?---I think as part of the discussions amongst the team about which each of us saw as the strengths and weaknesses.

What weaknesses did you identify subsequently to scoring Accenture as 4.2?---I can't remember that specifically.

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Any idea at all?---No.

All right?---It would have been, really, just talking about it amongst ourselves about which each of the team members saw as a plus and a minus for each of the two tenderers. I did say to you that we found it very difficult to speak to it, as you see from the final scoring, you can see there is very little difference between the two. We felt that both of them could adequately perform.

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I understand that. I'm just curious to know, if you could explain it, why the score went down so significantly, but you can't at all. Thank you.

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MR FLANAGAN: May Mr Lewis be excused?

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COMMISSIONER: Yes, thank you, Mr Lewis, you are excused.

WITNESS WITHDREW

COMMISSIONER: Yes.

MR FLANAGAN: Luncheon adjournment?

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COMMISSIONER: Yes, I see; well-timed. Very well, we will adjourn until 2.30.

THE COMMISSION ADJOURNED AT 1.03 PM UNTIL 2.30 PM

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THE COMMISSION RESUMED AT 2.33 PM

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COMMISSIONER: Mr Flanagan?

MR FLANAGAN: I call Maree Blakeney.

BLAKENEY, MAREE ELIZABETH sworn:

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COMMISSIONER: Yes, Mr Flanagan.

MR FLANAGAN: Yes. Would you give your full name to the inquiry, please?---Maree Elizabeth Blakeney.

And you are presently employed with the Australian Taxation Office?---That's right.

In December 2012 to December 2007 you were employed as the manager resource management unit with CorpTech?---Yes.

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And you commenced employment at CorpTech in 2006 in the role of principal business consultant, contracts for external service provider contract?---That's right, yes.

And you provided a statement to the inquiry. Is that correct?---Yes, I have.

Would you look at this document, please?---Thank you.

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Yes. Is that the statement that you've signed?---Yes, it is.

And are the contents of that statement true and correct to the best of your knowledge and belief?---Yes.

I tender that statement, Mr Commissioner.

COMMISSIONER: Yes, Ms Blakeney's statement is exhibit 17.

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MR FLANAGAN: Now, as the manager of the resource management unit at CorpTech, could you just outline what that entailed?---Initially it was looking at strategies to reduce the cost to CorpTech at the time for external contractors, so we were working closely with the human resource - yes, the HR area, to bring on more government employees on short-term contracts. I can't remember what we called them in state government. And also as part of that, we looked after the financial side of managing the external service provider contracts, so matching invoices, calling requests for quotes or assisting with requests for quotes when contractors were needed.

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Now, as at the beginning of 2007, what experience had you had in relation to procuring Queensland Government tenders

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BLAKENEY, M.E. XN

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and contracts?---So I started with Queensland Government in 2000 in a procurement role, so in 2007 I had seven years' experience within procurement.

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Right, and from that experience, you were aware as at 2007 of the type of policies that the Queensland Government had in terms of procurement?---Yes.

And they were particular published policies in that regard with which you were familiar?---Yes.

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All right. Thank you. Now, one of the tasks that you were given in your role at CorpTech was the task of seeking to reduce the department's cost of decreasing the number of external contractors being brought into the department. What was that specifically in relation to?---The overall cost, tried to get an understanding and reduce the overall cost of the Shared Service. I can't remember the exact name of the - the project Shared Services - - -

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Initiative?--- - - - Initiative for the SAP implementation.

All right. And at the time that you commenced that job, you're aware that there were subcontractors or contractors from Accenture, IBM, Logica and SAP as well as perhaps six or seven others?---Yes.

Now, to fulfill your job of seeking to reduce the number of contractors, what did you do?---We engaged with HR area and the business areas at the time, looking at their requirements and whether their requirements could be filled with short-term contracted government employees rather than external service contractors.

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Right. Now, were you aware that some external reviews took place or independent reviews took place in relation to the Shared Services Initiative?---External to CorpTech?

Yes?---I may have had an awareness but I can't recall.

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All right. Just more specifically, do you have any knowledge of a review conducted by a Mr Uhlmann of Arena Consultancy in or about April 2007?---No, I don't recall that specifically; no, but I do remember Arena being one of the external providers, but not the specifics.

And a review conducted by a Mr Terry Burns in or about April or May 2007?---I think I have a broader knowledge of the review conducted by Terry Burns.

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Yes. Now, was it the first time you met Mr Burns?---I believe so, yes.

And what involvement did you have in his review in April/May 2007?---As part of the manager of the resource management unit, my unit would have or my team would have

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engaged him. My involvement with his review would have only been to manage or to assist - or to manage the team to look after the finance side of his contract.

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All right. And just in relation to the engagement of Mr Burns, may I take you to volume 32, which will give you page 38? That's tab 29.

COMMISSIONER: What page?

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MR FLANAGAN: Page 38, your Honour; tab 29.7.6, but it's page 38.

COMMISSIONER: Yes, I have it in front of me.

MR FLANAGAN: So if you look at the green pages, it's 27 - sorry, 29.7.6. Thank you. This starts with an email from you dated 17 May 2007 at 1.23 pm to Mark Nicholls. Did you know Mark Nicholls?---I'm scanning through the email to see which company he came from. I can't recall him.

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Do you recall a consultancy called Information Professionals?---Not entirely, no, sorry.

But in any event, you're emailing Mr Nicholls in relation to the agreement for the provision of services of a project director and was that in relation to Mr Terry Burns?---In looking through that email, that's what it looks like, yes.

All right. In any event, it would seem from this email, if you turn over the page at page 39, at the very bottom of the page you'll see "Mark Nicholls, Information Professionals"?---Mm'hm.

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It would seem that the government or CorpTech at least were engaging Mr Burns through Information Professionals. Correct?---Yes.

Thank you. Now, at paragraph 10 of your statement, if you could turn to that please, Ms Blakeney. Would you have any direct knowledge of who caused Mr Burns to be engaged by Queensland Treasury?---I don't recall the initial engagement but scanning the emails here I notice that Geoff's name was in there, so I think at the time Geoff was the general manager.

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All right. And when you say "Geoff", you're referring to Geoff Waite, the executive director of CorpTech?---I couldn't remember his surname because I - yes.

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Thank you. May I take you then to volume 5, page 24? And I think to understand this change of emails, if you turn to page 25, it's not entirely clear but it seems to be an email from Lochlan. Did you know a Lochlan Bloomfield from IBM?---I don't really recall the name but I'm making the

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assumption that he was part of the contract management team around the external service providers. 1

All right, but he refers to discussing this issue with Maree - that's you, is it not - - -?---I believe so.

- - - in recent weeks:

and she has proposed that the highlighted resources be extended to utilise days not previously used on current contract. However, unfortunately the magnitude of these extensions in most cases is not sufficient to secure their services on CorpTech. 10

It goes on to say that:

I understand that situation CorpTech is in at this time; however, it is in the best interests of the SSS program to secure the team with intimate knowledge of the program and the solution. As mentioned previously, I believe extensions of three months will be adequate to secure these teams. 20

And then if you look over the page, it would seem to be that there's an email from Lochlan Bloomfield which is to Mr - well, to terry@cavrisk.com dated 26 June 2007 at 11 am, copied through to you and Keith Pullen. Who's Keith Pullen?---I don't recall, sorry. 30

You don't know?---No.

All right:

Terry, as discussed this morning, IBM has a number of team members who have contract -

and it's dated 30 June 2007, and it outlines - well, actually, that all seems to be part of the same email, does it not?---Yes. 40

And it says at the end of that:

Okay, Lochlan. Maree and Joanne Bugden will review with me -

and then the response from Mr Bloomfield:

Thanks, Terry. I will call you tomorrow afternoon for an update. 50

Now, having looked at that document, do you recall discussing with Lochlan Bloomfield the possibility of CorpTech putting off certain contractors, including IBM contractors, as part of your role to reduce contracting

costs for CorpTech?---I don't recall a conversation with Lochlan specifically but the circumstances set out in that email don't surprise me.

1

All right, and why is that?---Because - how do I explain this? CorpTech were looking to make the most of our - the current contracts that were in place, so there would have been a contract in place for the individual contractors at the time and we would look to utilise fully the days that we had available to us before we made extensions or offers to extend those contractors.

10

You'll see there where Mr Bloomfield is sending the email to, it's terry@cavrisk.com?---Mm.

Did you understand that Mr Burns's consultancy company that he contracted with CorpTech was Cavendish Risk Management Pty Ltd?---Now that I see it, yes, I remember that.

All right. Now, can you tell the commission: as at 26 June 2007, we know that Mr Burns had delivered his report dated May 2007, but as at 26 June 2007, to your own knowledge, what role was Mr Burns fulfilling at CorpTech? ---I don't know, I'm sorry. I can't recall.

20

But in any event, the engagement of Mr Burns at CorpTech had been through Information Professionals and we've looked at the emails with Marcus - sorry, with Mr Nicholls?---Yes.

Thank you. Now, Mr Burns refers to the fact that he's going to review this matter with yourself and Ms Bugden? ---Mm'hm.

30

Ms Bugden: what was her role at CorpTech at the time? ---Finance director.

Yes. I appreciate it was some time ago, but did you have a discussion with Mr Burns and Ms Bugden in relation to extending the contracts of these contractors?---I couldn't recall specifics around that; potentially.

40

All right?---Sorry, I don't know.

Can you assist us this way: what part of Mr Burns's role at CorpTech would it be for him to be reviewing with you the extension of contracts of existing contractors at CorpTech?---I can't recall if it was any part of his contract to be doing that.

All right. Thank you. May I take you to paragraph 8 of your statement then? You state there that you cannot recall the exact nature of Mr Burns's role at CorpTech, which is consistent with what you've told us now, but you go on to say:

50

I believe he had been involved in a cost-saving project previously for the department.

1

Is that a reference to his review resulting in his May 2007 report?---No. At the time I gave the statement I had a recollection that he worked either previously for the department or for another department.

You also say in that same paragraph that:

10

He conducted a review and put a proposal to the department for the appointment of a prime contractor for the Shared Services project. On that recommendation Centrelink proceeded to a tender process for the appointment of the whole of government Shared Services prime contractor. This was done by way of an invitation to offer.

Do you recall at two previous stages before the invitation to offer was issued on 12 September 2007?---Sorry, do I recall two previous - - -

20

Two previous stages in the process before an ITO was issued on 12 September 2007?---Not for a prime contractor, no.

Not for a prime contractor? Good. All right?---No.

And that's a distinction you're making between the processes that occurred before the ITO issued on 12 September 2007?---I believe so, yes.

30

All right. I'll take you to some documents because when your statement was taken, I understand that not all documents were available to put to you but I'd like to go through a sequence of documents, if I may, so that we might through your eyes understand the process leading up to the ITO.

For that purpose - and I'll try do this reasonably chronologically, but can I start with volume 6, page 1? That's your signature on that document, is it not?---Yes, it is.

40

And just at volume 28. Did you recall that prior to an ITO or any other process, a request was put out to the 11 existing external service providers at CorpTech to provide an information proposal electronically to Mr Burns by 5 pm, Thursday, 12 July 2007?---I don't recall that, I'm sorry, but it is there.

50

And do you recall that four of the existing contractors at CorpTech, namely SAP, IBM, Accenture and Logica presented these information proposals to Mr Burns and CorpTech executives on or about 13 July 2007?---No, sorry.

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You have no recollection of that? All right. Can I take you then to page 19 of the same volume? This is an email - actually, before I come to this, I'll just do this in sequence. If we actually go to page 34 first, it might assist you to recall. Now, this is an email from Kirsty Trusz, T-r-u-s-z. Do you see that?---Yes.

1

Who is that person?---It says here "executive support officer", but I don't remember her, sorry.

10

Did she work with you?---I don't recall her working in the resource management team, no.

All right, but in any event, she's addressed this email to a number of people, including yourself, and you'll see there that she attached the full supply of presentations that were presented on 13 July, so she's actually sending you the presentations of SAP, IBM, Accenture and Logica. They were presented on 13 July. Now, why would you have been receiving that email and those presentations?---I'm assuming because I sent out the letters and to keep the records together.

20

Now, obviously if you don't have a great recollection of this, it may well be that you weren't the person who instigated it, but do you have any recollection of anyone who came to you to ask you to put in place this request for information from the external service providers from CorpTech?---No, I'm sorry.

30

No recollection at all?---No.

All right. Thank you. And then I said I would take you to page 19, and if you could go to page 19. This would appear to be an email from you dated 3 August 2007?---Mm'hm.

And its attachments, there's a clarification form, but you say:

Hi, the closing date and time for CorpTech to receive proposals for the above project is close of business Tuesday, 7 August 2007.

40

But the project that's mentioned there is phase three rebuild, solution option proposals. Did you have any understanding of what the phase three rebuild solution option proposal was?---I don't recall, unless you mean I would have at the time, but I can't recall what that would be now.

50

All right. Can I from there go to page 53 in the same volume? This is an earlier email, again by you, dated 1 August 2007 at 1.27 pm, which you send to Joanne Bugden? ---Mm'hm.

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And the subject is Proposals:

1

*Below is what Terry sent to all four suppliers.
Item 5 refers to the legacy support.*

Do you have a recollection that a request for proposal was sent by Mr Burns, and I'll take you to the actual email, to both SAP, IBM, Accenture and Logica, seeking their proposals in relation to the Shared Services Solution in the context of them being the prime contractors?---No.

10

This is before the ITO, of course?---Yes - no.

You don't? Can I then move to volume 27? Sorry, volume 28; my mistake. Would you turn to page 548, please? Now, this is what some people have been referring to as a request for proposal. It's an email sent on 25 July 2007 by Mr Burns to four contractors, the four that I've outlined already, and it's seeking a proposal, a firm proposal, and it's addressed - this one is to IBM but take it that one was addressed to both Logica, SAP and Accenture?---Mm'hm.

20

Is that tenderer prepared to enter into a prime contractor role across the whole program?

Now, this email brought about, it would seem, extensive submissions and a 111 page proposal from Accenture, 143 page from Logica, a slideshow of some 54 pages by Accenture, a - - -

30

COMMISSIONER: IBM.

MR FLANAGAN: No, by Accenture also.

COMMISSIONER: I see.

MR FLANAGAN: A slideshow, and by IBM, a smaller proposal that was put in, and SAP, I think, also put in a proposal. Do you have any recollection of receiving proposals in response to Mr Burns's email?---No, I don't, sorry.

40

And being involved in the evaluation of those proposals? ---Of those proposals? No.

No. All right. Can I stop testing your recollection and just go back to some simpler questions? From your experience in procurement for the state of Queensland, particularly in relation to RFIs, RFPs and tenders, is this the sort of document you would expect for a request for proposal for a significant ICT contract?---No.

50

What sort of document would you expect?---Quite a significant document that outlined the technical requirements, the conditions of tender, the contract.

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Can I take you to volume 5, page 38? Could you just read that email to yourself? Do you recall any conversations with Terry Burns and Keith Goddard that in pursuing a prime contract model, one of the legal concerns was the existing contracts that CorpTech had with the contractors who were carrying out time and materials work for CorpTech in relation to the Shared Services Initiative roll-out? ---Mm'hm. Do I recall a conversation? No, I don't, sorry.

1

All right. Do you recall the issue?---No, not entirely.

10

So apart from what's in your email there of the issues in terms of engaging Mr Swinson from Mallesons to advise on the existing contracts, do you have any further knowledge of what happened?---With engaging Mr Swinson?

Yes?---He was engaged to oversee the ITO for the prime contractor.

Can you recall who suggested that Mr Swinson be engaged? ---No, I can't. I'm not sure whether he was sourced separately or advised by Treasury's legal team.

20

Quite. Do you have any recollection that Mallesons as a firm was on the briefing list, if you like, of Queensland Treasury legal service?---No, sorry.

Can I then take you to volume 9, tab 8.3, page 5?---Sorry, what was that page number again?

30

Volume 9, tab 8.3 at page 5 of that tab. Now, this is an email that's been copied in to you and also Mr Stone from Queensland Treasury legal services. You know Mr Keith Millman to be the chief legal officer at Queensland Treasury?---I saw that on the email, yes.

Yes, but you knew that at the time, didn't you?---I would have, yes.

So commercial counsel is writing to Mr Swinson on 26 July 2007, seeking urgent advice to be provided by Friday, 27 July in relation to the contractual consequences of engaging a prime contractor for the Shared Services Initiative roll-out. Yes?---Yes.

40

Do you have any recollection of that being an urgent issue at the time?---Not amongst everything else that was urgent.

All right. Thank you. To your knowledge, was Mr Swinson involved in the evaluation process for the request for proposals that Mr Burns had sent out on 25 July?---I don't know, I'm sorry.

50

What about in relation to the evaluation process for the ITO?---Yes, he was.

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All right. And what role did you view him as having, Mr Swinson, as having in that process?---He was involved in the overall probity of the process as well as part of the procurement and legal team.

1

And the procurement and legal team consisted of yourself and Mr Swinson. Is that correct?---I believe so and maybe one other of his colleagues.

All right. Now, perhaps to demonstrate the confusion at this time, can I take you to volume 6, page 55. This is an email from Mr Goddard to you dated 3 August 2007. Who is Mr Keith Goddard?---From memory, he was an independent contractor engaged with CorpTech to assist with project management, I think.

10

Right. He's talking as at 3 August 2007:

Having given the evaluation matrix some thought, I'm now thinking it best to utilise the evaluation panel to develop the matrix generated by you.

20

This would seem to be in relation to the evaluation of the proposals that responded to Mr Burns's email of 25 July 2007. In any event, having sent that email to you, if you then go to page 71, you'll see there that the bottom email is actually an email from David Ford, the deputy under treasurer, but it seems to be saying:

Is this really an RFI process? I guess I had rather seen it more as an informal exercise, seeking guidance as to possible ways forward, or is this the same thing?

30

Do you see that?---Mm'hm.

And the response from at least Ms Bugden to the under-treasurer - sorry, deputy under-treasurer is that, "No, it's not an RFI process. Keith just keeps calling it an RFI process." Are you having some difficulty recalling these processes because of their lack of formality?---I don't think so. I think it's just time.

40

Time. All right. Thank you. But from the documents I've shown you, would you describe either process that we've looked at as either an RFI or an RFP in terms of your own knowledge and experience with Queensland Government procurement policies?---No.

No. Both processes seems to have been driven by Mr Burns. Correct?---Yes.

50

You knew him to be a contractor with CorpTech. Yes?---Yes.

If someone was going to inform Mr Burns as to the relevant Queensland Government procurement policy and the relevant legislation that informed that policy, were you the person to do it?---Through my chain of command, so through my - - -

1

Yes?---Yes.

Did you ever do it?---I do recall talking to - maybe not to Terry in particular but I do recall talking about the correct process to be followed.

10

And when was that?---I - maybe a few times but I do recall around the time that the request for proposal was issued, it's so long ago I can't put the timeline together properly, I'm sorry.

Did you have some concerns about the request for proposal? ---I had concerns about the time frame and what they were proposing for that, yes.

20

Sorry, that's the ITO itself?---The ITO, yes, the request for proposal.

Yes?---As I said earlier, I can't recall the request for proposal.

In terms of procured policy, is there a policy in relation to a person in Mr Burns's position meeting one on one with potential tenderers?---I can't recall if that would be in a policy or not. Just practically it doesn't sound right for me.

30

Can I take you to volume 6, page 161, please?

COMMISSIONER: What volume?

MR FLANAGAN: 161.

COMMISSIONER: No, what volume?

40

MR FLANAGAN: Same volume, volume 6.

You were copied in, in both of these emails, but a concern is being raised by Gary Palmer, the director of technical solutions, with Ms Brunnen in relation to the series of questions that are going to be posed for each vendor from the RFI in the RFO. Do you see that?---Yes.

That would suggest at least that these two people were or had the belief that an RFI process had occurred before the RFO or the ITO. Yes?---Yes.

50

All right. It seems rather unusual to be posing questions that are specific to a vendor in an open RFO. Could you shed any light on why that is unusual, if at all?--From a procurement - - -

1

Yes?--- - - - point of view? There would be implications to confidentiality, potentially.

You've expressed before in your evidence that you had difficulties with the timing of the ITO. Is that correct? ---Yes.

10

Can I take you to volume 6 again at page 169? This is an email from you to Ms Joanne Casmer at CSQ. Do you see that?---Yes.

What role did Ms Casmer have?---At the time she was a procurement officer within CSQ. Being the Shared Services provider for CorpTech, she would have played an overseeing role for government.

20

And what was your concern as expressed in this email? Sorry, by reference to this email, can you just tell the commission what your concern was?---I suppose the opening line, "This is all happening very quickly."

The ITO permitted or allowed two weeks for the response of the tenderers and that period was extended by, I think, a week?---Okay.

30

What concern did you have about that, given that most of the - all of the tenderers involved in the ITO process had actually gone through the two previous processes arranged by Mr Burns, namely what people call the RFI and the RFP? ---I'm not sure I was even aware of the processes that Mr Burns went through.

Well, you were copied in on all these emails?---I know. But given the - from what I can recall, it was quite an extensive amount of information that we were seeking for the prime contractor and to enable the tenderers to submit quality proposals, a two week period is not normally considered sufficient time.

40

And what is usually an ordinary time for a procurement through an ITO process for a contractor (indistinct)?---I don't think that the state purchasing policy at the time made reference to a particular time frame, although rule of thumb, I think it was normally four weeks plus.

50

Can I then take you to page 171, and if you start the chain of emails at page 172, it's an email from Shaurin Shah? What was being contemplated was a meeting with two of the potential tenderers, IBM and Accenture, and it would seem that your concern is that they shouldn't be meeting with only two tenderers, but all tenderers?---Yes.

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Right. Do you know what happened as a result of you expressing that concern?---No, I don't. I can't recall, sorry.

1

You don't have a recollection that those meetings were in fact cancelled?---No, no. Without looking at this, I - - -

Before you came to the ITO and played your role in the ITO, do you recall that you - that indicative prices had been provided by both Accenture, Logica and IBM in relation to the proposal?---No. No, I don't recall that.

10

Now, as the procurement officer for an ITO process, are you the person who's ultimately responsible for ensuring the declarations of conflicts of interest had been signed by those who are involved in the evaluation process?---Yes.

All right. Can I just show you volume 9, tab 9.1? These would seem to be conflict of interest declarations that were made or signed on or about 3 August 2007 in relation to the evaluation of the proposals provided by the four tenderers in response to Mr Burns's email of 25 July 2007. It would mean, would it not, that you at least as the procurement person went to the effort of identifying the process and the evaluation of that process as sufficiently serious to obtain declarations of conflict of interest? ---Yes. Is it in relation to the proposal from Terry or the - - -

20

It is?---Okay.

30

Because the ITO doesn't issue until 12 September 2007, so you're actually involved in a process in July/August 2007 where people are signing conflicts of interest declarations who are going to participate in the assessment or the evaluation of the proposals that have been given in response to Mr Burns's email. Does that cause you to remember your involvement in the first process? ---Notwithstanding that, no.

40

When it came to the ITO, though, we do not seem to have a register of declarations of conflicts of interest by those who participated. Can you tell the commission whether, for the purpose of the ITO, you relied on these existing conflict declarations?---To my recollection, I really can't recall. When I first looked at these I thought that they would have been in relation to the ITO, not the previous process.

50

All right. Except from the date that they're not in relation to the ITO, did you ensure that persons signed their conflicts declaration for the ITO process?---I can't recall.

COMMISSIONER: Should there have been a separate register for each process?---Yes. 1

MR FLANAGAN: No register has been produced but some emails that might assist you in your recollection have been produced. Can I take you to volume 21? If you go to tab 18.9.19 and go to the second page - - -

COMMISSIONER: Is there a page number there? 10

MR FLANAGAN: This page is not numbered but the page after it is numbered, 749, so this page would actually be 748.

Ms Blakeney, you will see there that it's actually an email from Mr Stone at Queensland Treasury dated 7 September 2007, so it's an email that's approximately five days before the ITO issued on 12 September 2007?---Mm'hm.

And it says:

Maree, I think we should look at getting the documents signed as soon as possible but certainly before the offers are received. Can you give me a list of names of all involved? Also, just to be absolutely certain, what do "SSP" and "ITO" stand for? How many people will each group comprise throughout the process, will numbers vary, and to the extent that you're aware, who are these people? 20

You replied: 30

Hi, David. So far I have three. The SSP representatives and I have the originals on my working file. I have not followed up with the core ITO development team yet and was planning to have all participants involved with the evaluation sign the form prior to offers being received. Is this okay?

So it would seem that it was your intention to have everyone involved in the evaluation of the ITO sign declarations of conflict of interest?---Yes. 40

Did that occur?---No, I can't recall.

If you look at page 749, we know we are actually talking about no other forms but confidentiality and conflict of interest forms because you actually enclosed to Mr Stone a copy of the confidentiality and conflict of interest form. Do you see that?---Yes. 50

So that's definitely the subject matter of this, isn't it? ---Yes.

And you can take it from me that there were different people - not all, but some were different people involved in the evaluation of the RFP as opposed to the evaluation

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of the ITO. If a conflict of interest - if conflict of interest forms were signed, where would they ordinarily be held in relation to such a significant tender process?--On the procurement file. 1

On the procurement file?---Yeah, or - yeah.

Thank you. Just pressing you a little bit though, do you have any recollection of ensuring that these declarations were in fact signed by those persons participating in this ITO?---I mean, something comes to mind but I can't definitively say whether it's as prompted by yourself, so I, yeah, recall chasing people after I've read that; yes. 10

Mr Commissioner, for the sake of completeness, can I just take you to the actual email where SAP withdraws from the process?

COMMISSIONER: Yes. 20

MR FLANAGAN: It's volume 10, page 207.

COMMISSIONER: 207?

MR FLANAGAN: Volume 10, 207.

Can you tell me how it is that Mr Pedler is actually writing to you to inform you that SAP is withdrawing, graciously, from the ITO process?---I am assuming that it is because I was the contact officer for the ITO. 30

Quite, and you had sent out - before the ITO was sent out you had sent out a letter to potential tenderers for a closed tender, hadn't you?---I can't recall that, sorry.

You can't recall? All right. Thank you. It's the ordinary process of Queensland Government procurement, is it not, that for a tender process you have one contact point for outside queries from tenderers. Correct?---Yes, yes. 40

And for this ITO process you were that person?---Yes.

All right. Thank you. Did it ever come to your attention or did you have any concerns that tenderers were contacting persons other than yourself?---I can't recall that it was - that came to my attention, no.

Can I just complete the picture for you in relation to the emails I showed you before about Mr Burns's and Mr Goddard's intention of meeting with IBM and Accenture but not with Logica? May I take you to volume 10, page 211? In any event, it's Mr Swinson identifying to Mr Burns, given your letter or your previous email that it was - that he should not be meeting with Accenture and IBM without also meeting with Logica. Do you see that?---Yes. 50

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All right. Thank you. Can I then move to the probity arrangements for the ITO? Who was - well, first of all, was there a probity officer for the ITO?---I think it was John Swinson.

1

Volume 11, page 627. Do you recall this meeting which you attended?---No, I don't, sorry.

But in terms of the probity arrangements, the meeting's between Mr Millman, commercial counsel for the Queensland Treasury - yes?---Mm'hm.

10

- - - yourself, Mr Burns, Mr Swinson from Mallesons, Keith Goddard and David Stone, a legal officer from Queensland Treasury also. Yes?---Yes, yes.

Now, you agree that some of the points of probity here were actually carried into effect in that all tenders were actually delivered to Mallesons. Correct?---Yes.

20

Pricing information was initially quarantined from the evaluation sub-teams?---I believe so, yes.

It's got here:

A question and answer process will be established and managed through QGM. All questions and answers will be made available to all offerors, regardless of which offerors poses the question.

30

Did that happen?---I believe so, yes.

From your experience through this process, all clarifications or request for clarifications went through you?---I believe so.

Did you ever have to enforce that?---I can't recall not - I can't recall the need to, I'm sorry.

Right. Okay.

40

All state officers involved in the RFO process will be asked to sign a declaration affirming their duties and obligations of confidentiality under the terms of employment.

You can't recall whether that happened?---No.

But it says here "all state officers"; would that include Mr Goddard and Mr Burns as contractors to CorpTech?---It should have.

50

But it also says here:

1

The conflicts and confidentiality positions of contractors and consultants will be reviewed and reinforced if desirable.

Yes?---Yes.

Did you make any inquiries as to the conflicts and confidentiality positions of either Mr Burns or Mr Goddard?
---I can't recall doing that, no.

10

To your knowledge, did Mr Swinson do that?---Not to my knowledge, no.

Did Mr Stone do that?---Not to my knowledge.

Did it ever occur?---I don't - not to my knowledge.

All right. It would seem that Mr Burns signed a conflict register for the RFP process where no conflict was identified?---Mm'hm.

20

But you can't even tell us whether he signed a conflict of interest declaration for the ITO process?---No, I can't recall that, sorry.

You see, there is a difference made between state officers and contractors in this probity plan, isn't there?---That's written here, yes.

30

Would you agree with me that, "The conflicts and confidentiality positions of contractors and consultants will be reviewed" - that would suggest some sort of due diligence process, would it not?---Yes.

Did you know anything about the background of Mr Burns?
---No. Oh, that he worked in - for the UK government or something before he came to us.

40

But speaking for yourself, you didn't do any due diligence in relation to his background for - - -?---No, not that I can recall.

- - - the purpose of determining conflicts or confidentiality position?---No.

Was Mr Stone ever intended to be a probity advisor in the ITO process?---I can't recall that, no, sorry.

50

Could I ask you to take up volume 19, please. It would seem, if you look at or turn to page 21, you can take it from me that the final evaluation report is dated 23 October 2007, so the evaluation final report is that date?---Mm'hm.

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But these evaluation criteria matrix and the report from the sub-team leaders and by the other personnel seem to be signed by in large either on 13 November 2007 or, if you turn to page 103, you'll see there that Darrin Bond and his team for technology have signed on 9 November 2007, 13 November 2007, 14 November 2007, and similarly at page 178, people are signing on 5, 10 and 9 November 2007. At page 325, they're signing on 9 and 13 November, and then at page 551, they're all signing on 14 November. Why are the team leaders and sub-team members executing their final reports or their final evaluation criteria matrix in November 2007, when the final evaluation report is dated 23 October 2007?---I don't know, I'm sorry.

1

10

No, I think you do know; I think you actually do have a recollection of this and I need you to turn your mind to it?---Mm'hm.

It's quite unusual, it would seem, why people would be signing these documents in November when the final analysis is done in October. Now, you're the one who was responsible for going around and ensuring the sub-teams signed off on these documents, weren't you?---Yes.

20

You're the one who caused these sub-teams to sign these documents and date these documents, weren't you?---I would say so, yes.

Yes. I want you to tell the commission why these were being signed after the event?---I can't recall the exact details unless they were provided electronically to me previously and then I chased up the signatures after the final report was completed.

30

That's your only explanation for it?---From - yes. I can't recall anything, I'm sorry.

Your team, yourself and Mr Swinson doesn't seem to have signed your evaluation at all. Do you know why that is? ---No.

40

No? If you look at page 80 of that volume that's there. Any explanation for that?---No.

No. Can I take you to volume 29, please? Would you turn to page 733?

COMMISSIONER: What's the page again?

MR FLANAGAN: 733, yes. This is an email dated 17/9/2007, so it's actually after the ITO is issued on 12 September 2007. It's certainly after you've sent out a previous letter saying that you are the contact point for the purpose of the ITO?---Mm'hm.

50

And it's from a representative for IBM and it's sent to Shaurin Shah, copied to Terry Burns and Keith Goddard, and then copied to you. Did it come to your attention that inquiries or clarifications were being sought from Shaurin Shah, Terry Burns and Keith Goddard and you, rather than just to you?---I don't recall the exactly circumstances.

1

But just from procurement policy - sorry, you finish?---Is there an email that Shaurin sent to IBM?

10

I think you'll find, and I'm asking you this, if that was brought to your attention, you would have done something about it immediately, wouldn't you, and said - - -?---I would believe so, this is the right procedure to follow, yes.

Yes. And then if you turn then to page 736. You write back to the representative from IBM and say:

20

As per the contract, you are to address all correspondence to the contact officer only. Can you please ensure that you follow this process and not copy or address correspondence to anyone else? Please refer to section 6 offeror's inquiries and section 7 communication during the process.

Is that - - -?---Yes.

All right. Thank you. That's the evidence-in-chief for Ms Blakeney.

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COMMISSIONER: Yes, thank you. Mr MacSporran.

MR MACSPORRAN: Ms Blakeney, just one matter. In your statement, you seem to be having concern with the length of time allowed for this ITO process to be carried through? ---Yes.

Am I correct in saying that as you express in your statement that was your main concern with the way things were done, the limited time frame - - -?---I think with the rush to get everything done, yes.

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Now, accepting that, what effect did that have, if any, on the integrity of the process?---Condensed time frames puts everyone under a lot of pressure to act quickly and perhaps not consider appropriately some of the responses of the processes.

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Well, did you see any evidence of that or was the process appropriately followed, albeit in a very constrained time frame?---I thought the process was appropriately followed in that constrained time frame.

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All right. Thank you.

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COMMISSIONER: Mr Doyle?

MR DOYLE: Yes, Mr Commissioner, just a few things.

You say - do you have your statement with you?---Yes.

Good. Am I right in concluding you were working for CorpTech at least through the whole of 2007?---Yes.

10

In early 2007, CorpTech had a number of contractors from Logica, Accenture, IBM and others working in their offices and doing things towards the shared services - - -?--- That's right.

- - - implementation program?---Yes.

Can you give the commission some idea of how many Accenture contractors were present? Do you know numbers?---No; seven hundred and something just jumped in my head as maybe the total number of contractors.

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Right?---I think that there were a large number of Accenture contractors as potentially as well as IBM and Logica.

If I were to suggest 160-odd from Accenture, would that sound about right?---I - - -

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You can't remember?---I have no idea, sorry.

All right. Never mind. Next, you became aware of Mr Burns' involvement, at least, sometime in May. Is that right?---I think so, yes.

And you know, don't you, that one of the first things he was asked to do was to investigate some things and come up with a report of some kind?---Yes.

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That was done over a very short time frame?---I don't recall the time frame of his initial engagement.

Are you able to help us, please, in the course of that did you observe him or do you know that he went out and spoke to representatives at Accenture and Logica, and IBM, and other consultants to get ideas from them?---I think I do have a recollection that he was drawing or trying to collect evidence, probably not the right word, but - - -

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Information, is it?---Information, yes.

Or "ideas" is another word?---I don't know about that.

And the way he was going about collecting it was he was talking to people?---I believe so, yes.

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Right. Okay. Have you still got volume 2 with you? I'd like you to have volume 2 with you, please. Would you turn to item 3?---Sorry, it's just fallen apart. Sorry, item 3?

1

Yes?---This one goes from 2.5 to 3.1.

Right. I wonder if I can have that volume. It doesn't, for reasons I can't understand, correspond with mine. I'll just find the dot point I want to show you. Thank you. The document I'm asking you to look at is identified at tab 3.1?---Thank you.

10

Now, were you involved in managing the procurement of Mr Burns' services at some time in the first half of 2007? ---I believe the resource management would have been, yes.

I'm sorry, I had trouble hearing you?---Sorry. The resource management team would have had involvement in his initial engagement.

20

And does that mean you were involved yourself?---Not necessarily, and I can't recall whether I was or I wasn't, but the team that I managed would have had involvement in that.

All right. Well, just look at that document I've given you. It's dated 30 May 2007. It's from Arena. I think you were asking questions about that. And accompanying it is a CV of Mr Burns. Do you see that?---Yes.

30

If you turn to the CV, you will see the position which is being addressed in it is to undertake a high-level situational analysis of the SSS program and report on the findings. Can you see that?---What page was this again?

COMMISSIONER: Page 3 under that tab?---Sorry, yes.

MR DOYLE: Do you have, I'm sorry to say, the document which is Mr Burns' CV?---Yes, I do.

40

Can you see as far as the screen?---I've got it here.

I want you to have that page open, please. Just the front page that's showing on your screen. Now, against - under his name there's the word "position"?---Mm'hm.

And there's some words there that I just read to you? ---Yes.

Okay. And then if you turn across to page 3 of the CV, you will see as part of his assignment summaries, he lists having done some work for the government in April/May so that the first job he done, apparently it had been carried out, and he's now providing a CV which lists amongst his victories that he's already done that job?---Yes.

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COMMISSIONER: Mr Doyle, I can't see this. What page are you on? 1

MR DOYLE: Page 3 of the CV or page 8 on my copy, at least, of the book. Mr Commissioner, if you look at the screen - no, you don't have one in front of you.

COMMISSIONER: No.

MR DOYLE: Sorry. 10

COMMISSIONER: No, I don't.

MR DOYLE: Page 3 of the CV.

COMMISSIONER: I've got that.

MR DOYLE: There's assignment summaries at about point 3 on the page. 20

COMMISSIONER: Oh, yes, April, May 2007. 20

MR DOYLE: Yes, and the first entry is the one for the government. So this obviously is a CV provided in relation to some additional work that he's contemplating being asked to do?---Mm'hm.

And if you turn across to it, it lists some more of his history going back as far as it seems, if you go to page 8, having worked for IBM from 1974 to 1980. All right. Now, do you recall having received this document in the course of whatever it is your department did to engage Mr Burns back in May 2007?---I don't recall receiving it specifically but - - - 30

It's the kind of thing you would?---We would have, we would have, yes.

All right. Thank you. The next document I want you to go to is in the same tab, I hope, but at page 15 at the bottom right-hand corner. Do you have that?---New tab? Agreement for the provision of services? 40

That'll do, that's the one?---Yes.

You were asked some questions by my learned friend about what was Mr Burns doing in - I think it was late June 2007, and you weren't able to help us with that. I just wanted to see if this assisted. Are you familiar with this kind of agreement or were you, at least, back in 2007?---I would have been. 50

Very good. If you go to page 17 of the book or page 3 of the contract, whichever is easiest for you. Do you have that?---Yes.

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Front page, it says it's an agreement between the state and Arena?---Yes. 1

If you turn across two pages, you have clause 2, which identifies the term?---Mm'hm.

Which, with lots of qualifications, is said to be from the date of commencement until the services have been performed in accordance with this agreement. Do you see that?---Yes. 10

And that's a typical kind of engagement. The services you'll see are identified in clause 3.1, "To provide the services through its key personnel", et cetera, "as specified in schedule 1." Would you turn to page 37 of the book or 23 of the agreement and do you see the services listed there?---Yes.

Now, I want you to read it all, please, but particularly the last two, "Institute appropriate strategies to accelerate the delivery of the program," and, "Institute productivity improvements in the structure and process of the program." Do you recall being involved in making arrangements for or contracting through Arena Mr Burns services to do those kinds of things in - - -?---I have some recollection of that, yes. 20

Okay. And if you turn the next page, you have the schedule which identifies the key personnel as Mr Burns?---Yes.

Well, is it clear then that Mr Burns had some ongoing contractual commitment to the state after his initial engagement to do that earlier report in April or May? ---Yes, he's been (indistinct). 30

Thank you. You can put that aside. Just turn back to your statement, please, paragraph 24. I suppose to put this in context I should at least draw to your attention what precedes that. In paragraph 22 you refer to the time frame between issuing the ITO and response was typed, then at 23 you say you were the contact point for the tenderers and so on?---Mm'hm. 40

Then in 24 you tell us who were at least the principal people you were dealing with from the various organisations, and is it right to say that the person you were dealing with from Accenture was someone called Simon? ---I believe so.

Is it Simon Porter?---I think so. 50

Did you have any dealings with someone called Salouk?---No, I don't recall that name.

Okay, and the big bloke that you referred to from Logica - he may be offended at that observation: was the name Mike Duke?---Yes.

Was that him?---Mm'hm. 1

All right. Thank you. And you don't remember the person from IBM?---No.

Was it Lochlan Bloomfield? If it doesn't ring a bell, just tell me?---No. I've seen his name previously. I can picture the person but I can't recall his name.

I won't embarrass either you or he. Thank you. I have nothing further. 10

COMMISSIONER: Yes, thank you. Mr Flanagan?

MR FLANAGAN: Yes. May Ms Blakeney be excused?

COMMISSIONER: Yes. Ms Blakeney, thank you for your assistance. You are free to go?---Thank you.

WITNESS WITHDREW 20

MR FLANAGAN: And, Mr Commissioner, the next witness isn't now available until tomorrow.

COMMISSIONER: Well, we'll adjourn then until 10 o'clock tomorrow.

MR FLANAGAN: Thank you.

THE COMMISSION ADJOURNED AT 3.57 PM UNTIL FRIDAY, 15 MARCH 2013 30

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