



QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY

Statement of Witness

<i>Name of Witness</i>	Margaret Berenyi
<i>Date of Birth</i>	Known to the Commission
<i>Address and contact details</i>	Known to the Commission
<i>Occupation</i>	General Manager, Queensland Shared Services, DSITIA
<i>Officer taking statement</i>	Jonathan Horton
<i>Date taken</i>	24 May 2013

I, Margaret Berenyi, state:

Background

1. This statement is supplementary to my statement signed on 8 April 2013 (*Previous Statement*). Counsel assisting the Commission, Mr Jonathan Horton, has requested that I prepare a basic chronology of my involvement in the negotiation and execution of the Supplemental Agreement of 22 September 2010 (*Supplemental Agreement*) (Commission Settlement Bundle (*CSB*) Doc 144, Vol 3, 320-373 and **Annexure 1**) and this statement (*Supplementary Statement*) is provided on that basis, to assist the Commission. The definitions and abbreviations used in this statement have the same meanings as in my Previous Statement.

Overview

2. The Supplemental Agreement records the terms of a commercial settlement of the dispute between IBM and the State of Queensland concerning the performance of the Contract. Essentially, it was a variation of the Contract which relieved IBM of the obligation to provide the deliverables under SOW8, required IBM to carry out a body of work defined in the Supplemental Agreement, provided for IBM to receive some but not all of the system retention amount under SOW8, set out a regime for IBM to be paid in respect of the work items set out in the Supplemental Agreement, and provided full release of all claims by both

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- parties provided there were no Sev 1 Defects or unremedied material breaches of the Supplemental Agreement, as more particularly set out in the Supplemental Agreement.
3. All directions and decisions surrounding the negotiation, execution and implementation of the Supplemental Agreement were made by the Associate Director-General of DPW, Director-General of DPW or the Executive Government Cabinet Budget Review Committee (**CBRC**) (CSB Doc 77, Vol 2, 226-361). Mr J Brown and I participated in numerous briefing sessions and email exchanges with Natalie MacDonald and Malcolm Grierson on matters concerning the negotiation of the Supplemental Agreement. Boyd Backhouse attended the briefing sessions when legal options were discussed.
 4. My role in the Supplemental Agreement was to:
 - a. advise my supervisors on the options available to bring the Contract to an end and to prepare the briefing material for consideration by the CBRC.
 - b. undertake, under the direction of Malcolm Grierson, negotiations with IBM. Variously, Mr J Brown, Phillip Hood, Jane Stewart and John Beeston were also involved in these negotiations. I was never the sole representative of the State in attendance at any negotiation meeting with IBM.
 - c. oversee the implementation of the Supplemental Agreement once it had been signed and verify that IBM completed the work contained in the schedule (**Work Schedule**) to the Supplemental Agreement.
 5. The State sought legal advice throughout this period. Clayton Utz was engaged to develop a contract negotiation framework which the State used to reach a commercial settlement with IBM (CSB Doc 50, Vol 2, 64-66). The State also engaged Mallesons to provide legal advice in relation to the Contract and the Supplemental Agreement itself.
 6. I was also charged with ensuring that CorpTech was adequately prepared to assume full responsibility for the management of the QHHR Solution once IBM transitioned out. This involved ensuring that CorpTech itself had sufficient personnel with the appropriate expertise and knowledge of the QHHR Solution to deliver its support obligations. This also required me to establish direct contractual relationships between CorpTech and the various vendors, for the supply of software support and ICT related professional services, where needed, such as with Info for WorkBrain and Presence of IT for critical expert ICT professionals.

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Actions taken post go-live

7. Following go-live, CorpTech assumed its responsibility for the pay run activities. IBM, however, was to retain the responsibilities for QHHR Solution support until the State accepted the Solution at which time this would become a CorpTech responsibility.
8. On 12 April 2010, the Department of Premier and Cabinet engaged KPMG to undertake an independent review of the implementation of the QHHR Solution (*KPMG Review*). Broadly, the KPMG Review comprised the following three stages:
 - a. Stage 1 – to consider QH readiness for, and assist QH with, the third and fourth pay runs using the new system under the QHHR Solution for 21 April 2010 and 5 May 2010 (status report delivered 8 May 2010) (**Annexure 2**);
 - b. Stage 2 – to undertake a post-implementation review of the payroll system within QH (interim report delivered 18 May 2010) (**Annexure 3**); and
 - c. Stage 3 – provide advice on implications for broader whole-of-government implementation of the proposed payroll solution.
9. When the magnitude of the payroll issues was identified after go-live, QH initiated the Payroll Stabilisation Project (*PSP*) on 19 April 2010 to identify and implement strategies to stabilise the new payroll system (**Annexure 4**). PSP established a steering committee which included decision-makers from QH payroll, QH Shared Services Partner, CorpTech, DPW, QH's Information Division and Corporate Services.
10. I reorganised CorpTech's Executive Director accountabilities, assigning Philip Hood to focus solely on the management and support of the QHHR solution. Philip Hood was the CorpTech executive on the PSP steering committee and attended many QH meetings with their various unions and with the Queensland Industrial Relations Commission.
11. Many technical changes were made during this PSP period to address system issues and improve the speed and usability of the payroll system. To transition from and build on the work of the PSP, and to implement the recommendation from the KMPG Review, the Payroll Improvement Program (*PIP*) was established by QH in July 2010. Its terms of reference show that Malcolm Grierson and Natalie MacDonald were members of the PIP governing committee (**Annexure 5**). Philip Hood remained the CorpTech representative on the PIP Steering Committee (**Annexure 4**).
12. The KPMG review recommended a localised payroll model with the following key elements:
 - a. Direct relationship between the payroll hub and districts;

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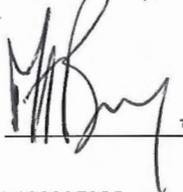
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- b. Multi-function, end-to-end payroll teams aligned to specific districts and organisational units within the hubs;
 - c. Local workflow rosters and adjustments between the district and the hub with feedback loops communicating progress; and
 - d. Implementation of interim key performance indicators to be used as the basis for site based Service Level Agreements.
13. QH implemented this revised Payroll Model as part of the PIP.
14. Philip Hood worked with QH to determine the rollout of SAP and WorkBrain access to additional QH staff users in line with the revised Payroll Operating Model. Philip Hood also worked with CITEC to ensure that the configuration of the infrastructure supporting the QHHR Solution was adjusted to cater for the increased user profile but also for the increased processor and storage capacity loads that this required. I was advised that had CITEC not utilised its array of Hewlett Packard SuperDome computers, these adjustments may not have been able to be achieved. As I understand it, CITEC had to rebalance the applications across the array so that the QHHR Solution had the additional capacity that it required. This took significant coordination over many months to ensure that the operations of the finance, payroll and other applications of other agencies were not impacted by these changes.
15. In late 2010, QH implemented the Payroll Release Program (**PRP**) as QH required an ongoing rigorous change control and gating process to oversee the integrity of changes to the production system. A Business Advisory Group (**BAG**) chaired by QH was established which consisted of representatives from PIP, QHEST, QH Human Resources and CorpTech. The BAG was responsible for providing independent assessment and advice regarding the potential impact and risks of system changes, the prioritisation of system implementation activities and the identification of communication and training requirements.
16. There was an ongoing requirement through the PRP to complete business-as-usual activities including the implementation of priority system fixes, security updates, performance and capacity improvements and general system maintenance. CorpTech worked with PRP governance and QH staff to develop and maintain a forward-release program to provide senior management with visibility of the priority work for the next 12-24 months.
17. On 13 July 2010, the Department of Premier and Cabinet released the terms of reference for a review of Shared Services by PriceWaterhouse Coopers. PwC released its report (*the PwC Review*) (**Annexure 6**), which cross-referenced the findings of the A-G's Report referred to in

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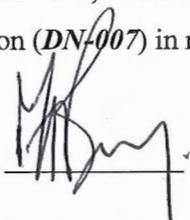
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- paragraph 42 below, on 30 September 2010. The recommendations of the PwC Review are referred to in paragraphs 18 and 19 below.
18. The PwC Review recommended that CorpTech transfer the maintenance and support activities for the QHHR Solution and the QH Finance system (*FAMMIS*) to QH so that QH then had responsibility for the end-to-end processes, including systems for the delivery of these Corporate Service functions.
 19. The PwC Review also recommended the establishment of a three-pillar Shared Services model (QH, DETA and Rest-of-Government).
 20. From 1 July 2011, Queensland Shared Services (*QSS*) was established which combined the previous Shared Services Agency and CorpTech, providing a single entity to oversee the transition of HR/Payroll and finance system functions from QSS to QH and to continue to provide Shared Services to the other eleven Rest-of-Government Departments.
 21. A prerequisite activity to the transfer of functions from CorpTech to QH was to “technically separate” the QHHR Solution from the whole-of-government payroll solution environment (known as the Housing Solution). To achieve this, CorpTech undertook a complex project in conjunction with CITEC and QH over many months culminating in the technical separation being achieved in early December 2012.
 22. On the 20 December 2012, the Governor-in-Council approved the transfer of responsibility for QH business applications from the Department of Science, Information Technology and the Arts (*DSITIA*) to QH to be effective from 17 December 2012 as detailed in Departmental Arrangements Notice (No. 4) 2012 which was published in the Government Gazette on 11 January 2013.

The Dispute between IBM and the State of Queensland

23. On 23 April 2010, Natalie MacDonald, the Acting Director-General of DPW, and Michael Reid, the Director-General of QH, wrote to IBM (CSB Doc 11, Vol 1, 87). This letter advised IBM that not one of the three pay runs processed since 14 March 2010 had achieved acceptable payroll delivery outcomes for QH employees and also highlighted significant concerns over the viability of the QHHR Solution. The letter further advised that the State of Queensland would not make payments of outstanding monies to IBM until all known system issues were resolved to the State's satisfaction.
24. On 27 April 2010, Paul Ray of IBM emailed Malcolm Campbell attaching a Delay Notification (*DN-007*) in respect of Milestone 47 (**Annexure 7**), Acceptance of the LATTICE

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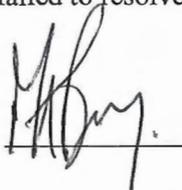
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- Replacement Solution, which had a completion date under the Contract, as varied by CR208, of 30 April 2010 (*Milestone 47*).
25. On 28 April 2010, Malcolm Campbell responded to Paul Ray rejecting DN-007 on the basis that IBM had not provided a valid reason for the delay. His email reiterated that the State was expecting Milestone 47 to be ready for its acceptance by the milestone completion date (Annexure 6).
26. On 29 April 2010, Mr J Brown of CorpTech emailed Mallesons Stephen Jaques (*Mallesons*) seeking legal advice as to:
- a. whether the State had a legal obligation to make payment to IBM on 30 April 2010 under the Contract (*Issue 1*); and
 - b. the State's legal position in relation to the alleged breaches of the Contract by IBM, in particular, with respect to the fitness for purpose of the payroll system actually provided (*Issue 2*).
27. On 30 April 2010, Mallesons wrote to CorpTech providing advice in relation to Issue 1. Mallesons advised that the State would not be in breach were it not to make payment on 30 April 2010 (*Letter 1*) (*Annexure 8*). This advice was premised on the following:
- a. the fact that CR210 to the Contract states that invoices would not be raised by IBM until a milestone is achieved;
 - b. a milestone is not achieved unless or until the relevant acceptance criteria is met;
 - c. IBM had failed to meet the acceptance criteria for Milestone 47 by the milestone completion date;
 - d. the acceptance criteria for Milestone 47 required three successful pay runs with no outstanding Sev 1 or Sev 2 defects and a management plan for Sev 3 defects; and
 - e. CorpTech had advised Mallesons on 29 April 2010 that the Daily Log of 28 April 2010 revealed a large number of unresolved Sev 2 defects.
28. On 30 April 2010, Mallesons wrote a second letter to CorpTech (*Letter 2*) providing advice in relation to Issue 2 (CSB Doc 12, Vol 1, 88-92). Mallesons advised that it was likely that IBM would be in material breach of the Contract if it did not meet Milestone 47 by the close of business on 30 April 2010. Letter 2 stated that, on review of the Daily Log of 28 April 2010, IBM had failed to resolve a significant number of Sev 2 defects within two working days, as

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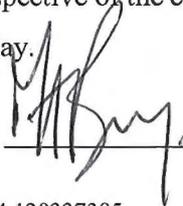
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- required by Schedule 26 of the Contract. Its failure to do so was, according to Mallesons, likely to constitute a material breach of the Contract under clause 16.2.1(c), Part 2.
29. On 30 April 2010, at 3:48PM, Paul Ray of IBM emailed an amended delay notification to Malcolm Campbell seeking to clarify IBM's reasons for DN-007 (Annexure 6).
30. On 3 May 2010, IBM sent a letter of acknowledgement to the 23 April 2010 letter referred to in paragraph 23 above (**Annexure 9**).
31. On 4 May 2010, Mr J Brown provided the Infor Top 5 Recommendations presentation to Mallesons to be considered when assessing whether the State had grounds to seek compensation from IBM (**Annexure 10**). This presentation was a result of the informal investigation into the performance of the WorkBrain component of the QHHR Solution.
32. On 5 May 2010, Mallesons provided Mr J Brown of CorpTech with a letter of advice outlining the consequences of IBM's failure to meet Milestone 47 by 30 April 2010 and the options open to the State to enforce its rights against IBM (CSB Doc 13, Vol 1, 93-98). This advice confirmed the previous advices referred to above in paragraphs 27 and 28 above and advised that the State should consider two options, namely:
- a. to issue IBM with a Notice to Remedy; or
 - b. to issue IBM with a Notice to Show Cause.
- The advice was caveated on the basis that there were Sev 2 defects that had not been rectified, which was in fact the case.
33. Mallesons recommended that the State issue a Notice to Remedy in an effort to preserve the working relationship with IBM and the State's position. If the State were to pursue that course, and IBM did not remedy the breaches within the time stated in the Notice to Remedy, its failure to do so would constitute a material breach entitling the State to claim damages. The advice noted, however, that IBM's liability, under the terms of the Contract, was capped at the Contract value. Mallesons advised that they would undertake further work to determine the exact amount of the cap on IBM's liability.
34. The 5 May 2010 advice also indicated that the delay notification, to which I refer in paragraph 29 above, was ineffective, notably because it did not include an assessment of the impact of the delay on the Project and time-table (in accordance with the requirements of clause 1.3 of the Contract) and the method proposed for rectifying the failure was weak. Mallesons advised that, accordingly, the State was well within its rights to refuse to grant IBM any extensions of time, irrespective of the cause of the delay and regardless of whether the State had contributed to that delay.

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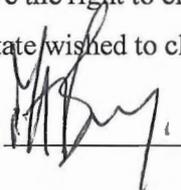
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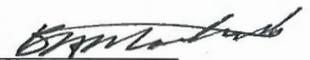
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35. On 11 May 2010, I endorsed a submission prepared by Mr J Brown to the Director-General entitled 'Notice to Remedy for the contract between the State of Queensland and IBM Australia' that indicated legal advice from Mallesons confirmed that IBM had failed to meet Milestone 47 as set out in SOW8 (CSB Doc 14, Vol 1, 99-107). The submission noted that in order to protect the State's contractual position, and to consider remedies to rectify the non-achievement of the acceptance criteria for Milestone 47, Mallesons recommended that a Notice to Remedy be issued.
36. The Director-General approved the 11 May 2010 submission. On 12 May 2010, I issued, on behalf of the State of Queensland, a 'Notice to Remedy' to IBM (CSB Doc 15, Vol 1, 108-115). This notice required IBM to rectify all outstanding contractual requirements within seven days, without prejudice to the State's rights and obligations under the Contract. Attached to the Notice to Remedy was a list of outstanding defects requiring rectification. The list of defects was an agreed list between QH and CorpTech.
37. On 19 May 2010, the State received responses from IBM comprising two letters: one open letter from Lochlan Bloomfield and one without prejudice letter from Bill Doak. The open letter (CSB Doc 16, Vol 1, 116-118) denied that IBM was in breach of contract and that D-N007 was not properly issued. The without prejudice response (CSB Doc 17, Vol 1, 119-124) proposed certain variations to the Contract. These proposed variations conferred a further extension of time on IBM until 30 September 2010 and reduced the acceptance criteria with respect to Milestone 47.
38. On 20 May 2010, the State received legal advice via email from John Swinson of Mallesons in relation to IBM's open letter response (CSB Doc 19, Vol 1, 126-128). Mr Swinson advised that it was very general and therefore not sufficiently detailed to enable him to respond. He indicated that the period the focus of the letter, January 2009 to June 2009, was irrelevant because the breaches the subject of the Notice to Remedy occurred in 2010. He further advised that the last paragraph in section 1.2 of the letter amounted to an admission by IBM of a material breach insofar as IBM stated that it would not be able to rectify the defects within seven days despite having agreed in Schedule 26 of the Contract to remedy them within two days. In relation to IBM's 'without prejudice' response, Mr Swinson advised that the State should hold IBM to the Contract rather than agree to the change request as proposed. His rationale for this recommendation was that that State could require IBM to remedy the defects and reserve the right to claim compensation in the event that IBM did not do so or in the event that the State wished to claim back the losses it suffered.

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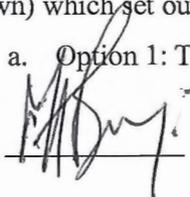


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39. On 27 May 2010, I sent a letter to IBM indicating that the IBM response did not meet the State's expectations (**Annexure 11**). I explained that it contained neither sufficient detail nor binding commitments from IBM so as to allow the State to make a determination and frame a positive and appropriate response.
40. On 1 June 2010, I received IBM's without prejudice response to the 27 May 2010 letter (**Annexure 12**), referred to at 39 above, which indicated that IBM's position had not changed. Its letter, however, included a release plan for the deployment of Sev 2 defects which, as at 12 May 2010 (in accordance with the list of defects referred to above at paragraph 36) were its responsibility. IBM stated that the inclusion of this release plan was a sign of its continuing commitment to resolve outstanding issues. IBM's letter indicated that the work carried out pursuant to the release plan would be progressed in accordance with Schedule 26 of the Contract. It also indicated that the inclusion of Sev 3 and 4 defects into the release plan would require further consultation with CorpTech. IBM noted that the release plan represented IBM's view of release priorities, that the State may want to change the release plan, and that any change would be subject to agreement by the parties. IBM noted that if the State wished to place enhancement requests above the priority of any of the items in the release plan, then this would be subject to normal change request processes under the Contract. Also annexed to this letter was CCD CR218 seeking an extension of time for SOW8 and a document entitled 'Appendix D: Deliverables subject to Acceptance including Acceptance Criteria and Process'.
41. On 21 June 2010, a letter co-signed by Malcolm Grierson, Director-General of DPW and Mr Michael Reid, Director-General QH was sent to the Auditor-General, Mr Glenn Poole (**Annexure 13**), providing the departmental response to the draft A-G's Report into QH Implementation of Continuity Project, provided to the State on about 10 June 2010.
42. On 29 June 2010, the Auditor-General's Report to Parliament No 7 2010, entitled *Information Systems Governance and Control, including Queensland Health Implementation of Continuity Project*, was tabled in Parliament and publically released (**A-G's Report**) (**Annexure 14**).
43. On 29 June 2010, I endorsed a submission prepared by Mr J Brown to the Director-General of DPW entitled 'Notice to Show Cause for the contract between the State of Queensland and IBM Australia Ltd' (CSB Doc 30, Vol 1, 205-247). This referred to, and annexed, Mallesons' legal advice, entitled 'Options Paper – IBM Payroll System Contract', dated 17 June 2010, (as well as the review of this advice by Crown Law, as stated in its letter dated 23 June 2010 to Mr J Brown) which set out various options for the State. The four options canvassed were:

a. Option 1: Termination of the Contract;

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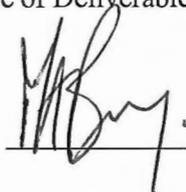
- b. Option 2: Suspension of the Contract;
 - c. Option 3: Negotiation of a settlement with IBM; or
 - d. Option 4: Continue with the Contract.
44. The submission recommended that the State pursue Option 3 but that, based on legal advice from Mallesons, Crown Law and DPW Legal Services (to the effect that IBM was in material breach of the Contract), the State should protect its interests and advantage its negotiating position by first issuing IBM with a Notice to Show Cause. The submission referred to the annexed advice of Crown Law which was to the effect that the issuance of a Notice to Show Cause was a necessary step towards termination of the Contract but did not oblige the State to subsequently issue a Notice of Termination. The issuance of a Notice to Show Cause could be used to increase pressure on IBM, require IBM to give details of any alleged counter-claims and allow the State time to carry out further investigations before making a decision about whether to terminate.
45. On 29 June 2010, a letter signed by Malcolm Grierson was sent to Lochlan Bloomfield attaching a signed Notice to Show Cause (CSB Doc 30, Vol 1, 246-247). The notice categorised the breaches as follows: failure to remedy a breach amounting to a material breach; delay in delivering and deploying the QHHR Solution; failure to meet Milestone 47; and failure to resolve defects within the Target Problem Resolution Timeframes. The notice exhibited a list of current Sev 2 defects.
46. On 6 July 2010, Blake Dawson, acting for IBM, responded by letter to the State's Notice to Show Cause (**Annexure 15**). That letter denied that IBM was in breach of Contract as alleged in the State's Notice to Remedy or Notice to Show Cause. The letter denied that the State was entitled to issue a Notice to Show Cause and that the notice contained a significant number of errors and omissions. The letter also cited the A-G's Report as a significant element in refuting the State's claims. It relied on the A-G's Report to assert that the difficulties which had arisen with the implementation of the QHHR Solution were caused by the State. Specifically, it pointed to the State's:
- a. inability to articulate its business requirements throughout the Project;
 - b. lack of proper processes in place for UAT;
 - c. lack of sufficiently trained staff; and
 - d. ineffective project governance.
47. Attached to the letter was a document detailing IBM's response to each of the categories of breaches set out in the Notice to Show Cause. In short, IBM denied that it was required to

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- achieve the acceptance criteria for Milestone 47 by 30 April 2010. This appears to be at odds with actions taken by IBM as described at paragraph 24 above.
48. With regard to the State's project governance, the letter from Blake Dawson noted that, at all times, IBM had acted within the State's project governance structure as per the QGMPMM. The letter stated that IBM was neither responsible for the inadequacies in those structures nor for the consequences that flowed from them.
49. Also on 6 July 2010, IBM submitted via email to CorpTech requests to the State to accept Milestones 47, 48 and 49 under SOW8 in accordance with the Acceptance Criteria.
50. On 8 July 2010, Malcolm Grierson approved a submission (CSB Doc 44, Vol 2, 44-45) for CorpTech to instruct Mallesons to acknowledge the 6 July 2010 response, to which I refer in paragraph 46 above and the State's Notice to Show Cause, to which I refer in paragraph 45 above. This submission also approved the establishment of a small team of including representatives from Clayton Utz to develop the State's negotiation strategy to conclude the current contract with IBM.
51. On 9 July 2010, Mallesons issued a letter to Blake Dawson (**Annexure 16**) in response to IBM's request, to which I refer above at paragraph 49, for the State to accept Deliverables 47, 48 and 49. The letter stated that the State could not accept Deliverable 47 essentially for the reasons set out at paragraphs 27 and 28 above. Further, it stated that because acceptance of Deliverable 47 is a condition precedent to the acceptance of Deliverables 48 and 49, IBM was not entitled to submit Deliverables 48 and 49 for acceptance.
52. On 12 July 2010, I sent a letter to Lochlan Bloomfield of IBM (**Annexure 17**) indicating that the State rejected the SOW 8 – CD-B08-0091 Handover Completion Report, SOW 8 – CD-B08-0092 Project Management Completion Report and SOW 8 – CD-B08-0097 Project Acceptance Certificate as presented by IBM to CorpTech in its email dated 6 July 2010 on the basis of the reasons set out in the letter from Mallesons referred to in paragraph 51 above dated 9 July 2010.
53. On 16 July 2010, Blake Dawson sent a letter to Mallesons (CSB Doc 61, Vol 2, 123-125) in response to its 9 July 2010 letter, which asserted that the Acceptance Criteria for Deliverable 47 had been met; that work products for Deliverable 48 had been accepted by the State; and that the work products for Deliverable 49 had either been provided for acceptance or accepted by the State. It asserted that Deliverables 47 and 48 were not conditions precedent to acceptance of Deliverable 49 and that acceptance of the deliverables could occur concurrently.

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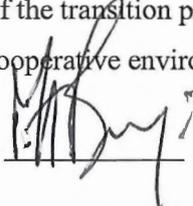
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54. On 16 July 2010, IBM sent to me a Notice of Dispute (**Annexure 18**). Broadly, it denied the State's allegations:
- a. that IBM was in material breach of the Contract;
 - b. that Deliverables 47, 48 and 49 did not meet the Acceptance criteria;
 - c. that it was not entitled to submit invoices for project acceptance work, due and payable on 30 April 2010. The letter indicated that Bill Doak would be available to meet with me, as the State's Project Delivery Director, at any time in accordance with clause 1.8, entitled 'Dispute Resolution Process', contained in Schedule 42 of the Contract. The letter further indicated that this meeting was required to occur within 10 business days.

Role of Clayton Utz in the negotiation of the Supplemental Agreement

55. Given the complexities of the dispute with IBM and time constraints within which the State was required to operate, Mr J Brown recommended to me that specialist commercial law legal services be sought. DPW Legal Services supported the engagement of Clayton Utz in light of their demonstrated experience in commercial negotiation and advised that the engagement would be progressed by DPW Legal Services.
56. On 2 July 2010, Mr J Brown and John Beeston conducted a briefing session with Jeremy Charlston from Clayton Utz. Mr J Brown asked Mr Charlston to provide preliminary observations on the dispute with IBM both in response to the briefing session and the brief of material.
57. On 6 July 2010, CorpTech received a letter of advice from Clayton Utz via email (**Annexure 19**). The letter provided preliminary advice on two courses of action:
- a. Scenario 1: that the State elect to terminate the Contract for IBM's failure to show reasonable cause; or
 - b. Scenario 2: that the State negotiate with IBM for an orderly termination and transition of the Contract.
58. Clayton Utz advised that Scenario 1 carried significant risks. Despite Mallesons and Crown Law having advised that the State was in a strong contractual position, a full forensic analysis of the files and witness statements had not yet been undertaken in order to ascertain the State's true prospects of success were it to pursue IBM for substantial damages. The letter from Clayton Utz, referred to in paragraph 57 above, also indicated that there would need to be an analysis of the transition provisions to determine their usefulness in what one could expect to be an uncooperative environment with IBM. The transition provisions provided for under the

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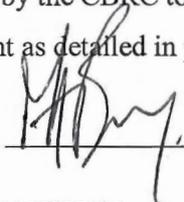
Contract were limited to a period of 6 months. Clayton Utz further advised that notwithstanding that the State had satisfied itself that IBM had not shown reasonable cause, IBM could have asserted that the State wrongfully repudiated the Contract and, itself, move to terminate for wrongful repudiation.

59. In light of the risks attending Scenario 1, Clayton Utz advised that Scenario 2 – a comprehensive agreement with IBM – would clearly be preferable. This would allow for orderly termination and transition of the Contract with reduced risk. Clayton Utz advised, however, that a decision to release IBM from a contractual claim of in the order of \$100 to \$200 million would require the most careful consideration.
60. On 8 July 2010, CorpTech received a proposal letter from Clayton Utz for the provision of legal advice on the dispute with IBM (CSB Doc 42, Vol 2, 40-42). This letter detailed Clayton Utz's proposed strategy and the senior lawyers whom it proposed to be involved in the matter.
61. Also on 8 July 2010, Malcolm Grierson gave approval (CSB Doc 44, Vol 2, 44-45) to establish a small team, including the legal representatives from Clayton Utz referred to in Paragraph 41 above, which was to be led by Mr J Brown.
62. On 16 July 2010, Natalie MacDonald approved the expenditure, up to the value of \$500,000, for the engagement of Clayton Utz to provide advice and assist in the negotiation of a commercial settlement (**Annexure 20**). DPW Legal Services formalised the engagement of Clayton Utz under existing departmental arrangements.
63. Mr J Brown advised me that, in his view, Clayton Utz was instrumental in the development of the State's contract negotiation framework which led to the Supplemental Agreement.
64. Whilst Clayton Utz operated under the direction of Mr J Brown, their involvement also included direct negotiations with Blake Dawson, the IBM Legal Representatives. Whilst I had little direct interaction with Clayton Utz, I was aware of their involvement through advice from Mr J Brown and various briefing material that was developed during the period.
65. I have annexed numerous emails and attached documents which are representative of the negotiation activities involving Clayton Utz during the negotiation period (**Annexure 21**).

Involvement of CorpTech in the negotiation of the Supplemental Agreement and the decisions of the CBRC

66. All negotiations undertaken by CorpTech were at the direction of Malcolm Grierson who was approved by the CBRC to be the State's delegate for the negotiation of the Supplemental Agreement as detailed in paragraphs 73 - 90 below. I reported progress of all assigned

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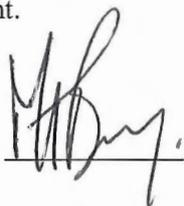


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negotiations through to Natalie MacDonald and for Malcolm Grierson. Issues for decision or clarification were escalated when required. I understand that Malcolm Grierson had a number of meetings with IBM executives, in which CorpTech did not participate. I know this because on a number of occasions, I saw Bill Doak who was accompanied by other IBM executives in the Foyer of 80 George St. On one or more of those occasions, Bill Doak told me that he, and the other IBM executives in attendance, were waiting for their meeting with Malcolm Grierson. Additionally, in paragraph 68 of an email dated Sunday 29 August 11.55am from me to Malcolm Grierson, I list outstanding issues which Malcolm Grierson was to discuss in his meeting with IBM attended by Sarah Adam-Gedge of IBM. I do not believe that I attended this meeting.

67. As I understand it, Mallesons drafted the Supplemental Agreement. Clayton Utz was involved in the commercial negotiations and, for the period in which it was engaged during the negotiation period, liaised with Mallesons on the provisions of the Supplemental Agreement. Mr J Brown and I undertook negotiations with IBM in accordance with the CBRC approved Contract Negotiation Parameters for the Supplemental Agreement. Philip Hood and Jane Stewart undertook the negotiations with IBM involving QH as required to determine the Work Schedule) to be completed under the Supplemental Agreement. In all instances, unresolved issues were escalated to Natalie MacDonald and/or Malcolm Grierson for resolution.
68. I have annexed numerous emails and documents which are representative of the negotiation activities undertaken by CorpTech officers, progress reporting and escalation of issues during the negotiation period to Malcolm Grierson and Natalie MacDonald (**Annexure 22**).
69. John Beeston was contracted for the period June 2010 to October 2010 to provide additional senior contract management expertise required to undertake the establishment of the Supplemental Agreement as there had been a number of personnel changes in the Contracts Team. John had a depth of understanding of the Contract from his previous engagement with CorpTech in the Contracts Team in 2008/2009. John Beeston provided support to the negotiation team and acted as a liaison officer to both the DPW and external legal teams.
70. Kevin Killey replaced Bill Doak as the IBM Executive responsible for operational support to the QHHR solution as Bill Doak had been appointed to another role in IBM. However, both Bill Doak and Kevin Killey were involved in the negotiations of the Supplemental Agreement. Kevin Killey then took responsibility for the IBM delivery of its obligations under the Agreement.

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71. As I recall it, John Beeston and Jane Stewart coordinated the list of defects in priority order as specified by QH. This was the starting point of negotiations on the Work Schedule. IBM indicated that should QH want other work undertaken, either the resolution of later defects or new requirements, then these could be substituted for Work Schedule items and delivered under this Supplemental Agreement.
72. The negotiated Work Schedule resulted in a reduced list of defects from that provided with the Notice to Remedy issued on 12 May 2010 (CSB Doc 15, Vol 1, 108-115), referred to in paragraph 36 above, as QH included the Rostered Day Off process for Concurrent Employees which was effectively a substitution of an enhancement. QH endorsed the Work Schedule and committed to undertake the associated testing activities in line with it. It was agreed that all remaining defects were to be prioritised by QH and rectified by CorpTech following IBM's departure.
73. The negotiations took place in meetings with IBM over several weeks in August/September 2010 in line with the CBRC approvals obtained. As Malcolm Grierson was the State's delegate for the negotiations, Mr J Brown and I ensured that he was kept informed of progress. Mr J Brown and I kept Natalie MacDonald informed through email, phone, briefing meetings and, where needed, Malcolm Grierson was directly engaged.
74. There were various negotiations between Mallesons and Clayton Utz, both firms acting on behalf of the State, and the IBM legal representatives to finalise the form and content of the Supplemental Agreement. Mr J Brown, Philip Hood, Janes Stewart and I were involved in various negotiation meetings with IBM as discussed in paragraph 67 above. Issues arising were discussed with Malcolm Grierson and/or Natalie MacDonald and direction sought on how to progress. Malcolm Grierson had conversations directly with IBM and other parties and I received emails and verbal advice from him about these, however, I cannot verify that I was aware of all meetings or outcomes. As the paragraph 68 set of documents and emails shows, CorpTech was involved in the negotiations throughout the Supplemental Agreement development period.
75. There were four major CBRC Submissions developed by Mr J Brown, endorsed by me and submitted through Natalie MacDonald for approval by Malcolm Grierson before being progressed to the Minister:

- a. Submission No. 3962 to CBRC, entitled "Contract Q11 between the State of Queensland and IBM Australia Ltd", signed by Robert Schwarten MP, Minister

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Witness signature:



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- for Public Works and Information and Communication Technology on 21 July 2010 (**Annexure 23**);
- b. Submission No. 3979 to CBRC, entitled: Government Information Technology Contract (GITC) Q11 between the State of Queensland and IBM Australia Ltd", signed by Robert Schwarten MP, Minister for Public Works and Information and Communication Technology on 23 August 2010 (**Annexure 24**);
- c. a joint submission progressed from Malcolm Grierson, Director-General of the DPW (signed 7 September 2010) and Michael Reid, Director-General of QH (signed 8 September 2010) to the Deputy Premier and Minister for Health and the Minister for Public Works and Information and Communication Technology for the Director-General (CSB Doc 143, Vol 3, 299-306) of the DPW seeking approval to execute a supplemental agreement to finalise the contract between the State of Queensland and IBM Australia Ltd for the QH rostering and payroll solution;
- d. Submission No. 4166, entitled "Contract Q11 between the State of Queensland and IBM Australia Ltd", signed by Simon Finn, Minister for Government Services, Building Industry and Information Communication Technology on 18 April 2011 (**Annexure 25**).
76. There were numerous meetings held between Malcolm Grierson and Natalie MacDonald, and involving Mr J Brown, Boyd Backhouse and me to discuss the options and the content of those submissions. The approach to be taken was to put forward all options and the legal advice received (for example, from Mallesons and Crown Law) so that CBRC could make an informed decision.
77. On 19 July 2010, Mallesons provided an update to its legal advice referred to in paragraph 43 above (CSB Doc 68, Vol 2, 165-176). It outlined six options for resolution:
- termination of the Contract for breach by IBM;
 - termination of the Contract for breach by IBM and negotiation of a handover and settlement with IBM;
 - negotiation of a settlement with IBM (without terminating);
 - requiring IBM to cease work without terminating;
 - continuing with the Contract on the current terms; or
 - agreeing to amend the Contract.

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78. On 22 July 2010 CBRC considered the Submission No. 3962, referred to in paragraph 75.a above (Annexure 23).
79. This submission, which incorporated the Mallesons legal advices referred to above at paragraph 77 and below at paragraphs 82.i and 82.j, sought:
- a. the approval of the CBRC for the State to proceed with the option of a negotiated settlement without termination referred to above at paragraph 77.c;
 - b. the approval of the CBRC for the State's Proposed Contract Negotiation Parameters; and
 - c. the authorisation of the CBRC for the Director-General of the DPW to act as the State's delegate in progressing the negotiated settlement.
80. The submission noted that in pursuing the preferred option, referred to above at 77.c, the State was forgoing potential, albeit undefined and unquantifiable, legal claims against IBM. This, however, had to be balanced against the option of litigation through which IBM would have access to all project documentation and to the A-G's Report (Annexure 12) which IBM would use vigorously to mount a defence.
81. Also, included in the 21 July 2010 submission, referred to in paragraph 75.a above, was a copy of a letter, dated 21 July 2010, from KPMG (*KPMG Risk Analysis Report*).
82. The KPMG Risk Analysis Report, on pages 1 states:

It is imperative that any proposed change to support arrangements is transitioned in a managed way so as not to negatively impact on the ability to support the Queensland Health payroll.

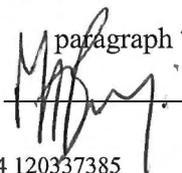
The KPMG Risk Analysis Report further states on page 3:

... This will enable Queensland Health to run its fortnightly payroll, address defect issues and to respond to Queensland Health's ongoing requirements, as directed by the QH Payroll Stabilisation Project and now the Payroll Improvement Project. Any option taken by Government in considering its contractual position with IBM needs to take into account the importance of maintaining continuity of the support currently being provided by CorpTech and IBM.

The following documents were also included in the 21 July 2010 submission referred to above in paragraph 75.a of my statement:

- a. the State's Proposed Contract Negotiation Parameters referred to above at paragraph 79.b;

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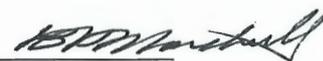


- b. the joint Directors-General letter to IBM, signed by Natalie MacDonald and Michael Reid, dated 23 April 2010 referred to above at paragraph 23;
 - c. the Notice to Remedy, dated 12 May 2010, referred to above at paragraph 36 of my statement;
 - d. Crown Law advice to Mr J Brown, dated 19 May 2010;
 - e. the Mallesons legal advice, dated 17 June 2010, referred to above at paragraph 43 of my statement;
 - f. the Notice to Show Cause, dated 29 June 2010, referred to above at paragraph 45 of my statement;
 - g. the letter from Mallesons to IBM, dated 8 July 2010, referred to above at paragraph 50 of my statement;
 - h. the IBM Notice of Dispute, referred to above at paragraph 54 of my statement;
 - i. a preliminary legal advice prepared by Mallesons dated 19 July 2010, entitled "Damages Options Paper – IBM Payroll System" outlining the State's options and prospects in relation to bringing a claim for damages against IBM;
 - j. a legal advice by Mallesons dated 19 July 2010 entitled "Access to contractors and materials upon termination for orderly disengagement and handover – IBM Payroll System"; and
 - k. an advice from Crown Law dated 20 July 2010.
83. The CBRC decisions (Decision No. 3019) (Annexure 23) in relation to the 21 July 2010 submission, referred to in paragraph 75.a above, were to:
- a. to note the current contract status for the QH rostering and payroll solution;
 - b. to approve the preferred option – negotiate a settlement with IBM; negotiations not to exceed a period of six weeks;
 - c. to approve the Proposed Contract Negotiation Parameters presented in Table 1 in the body of the submission, subject to approval of the preferred option, noting further CBRC endorsement will be obtained prior to finalising any proposed settlement;
 - d. to authorise the Director-General of DPW to act as the State's delegate in progressing the preferred option; and
 - e. to note that an update will be provided within six weeks containing additional recommendations on how to finalise the contract with IBM.

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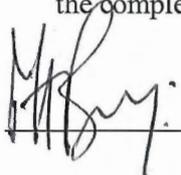
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84. On 28 July 2010, a letter was issued to Lochlan Bloomfield of IBM (CSB Doc 83, Vol 2, 419-420) responding to IBM's letter of 16 July 2010. The letter outlined the proposed process to be followed to allow negotiations to proceed without prejudice to either party, to attempt to resolve all differences by way of a negotiated outcome.
85. On the 29 July 2010, a letter from Bill Doak provided IBM's agreement to enter into a negotiation process (CSB Doc 88, Vol 2, 452-453).
86. On 26 August 2010, CBRC considered the Submission No. 3979, referred to in paragraph 75.b above (Annexure 24).
87. The submission sought approval to execute a supplemental agreement to finalise the Contract.
88. The submission presented the options for finalising the agreement with IBM. The options were:
- (i) to continue the Contract under the revised terms of the Supplemental Agreement; or
 - (ii) to formally terminate the Contract and, following termination, to either:
 - (A) do nothing; or
 - (B) negotiate and/or litigate.

Included in the submission was the advice that were the State to terminate the Contract and elect to seek damages from IBM, IBM would likely consider bringing counter-claims against the State, including for unlawful termination of the Contract. The advice from Crown Law referred to in the submission was that, were the State to terminate the Contract and elect to seek damages from IBM, IBM would almost certainly consider bringing counter-claims against the State. Both Mallesons, in its updated advice, referred to in paragraph 77 above, and Crown Law, in its advice referred to in paragraph 89.e below advised that, in the circumstances, it would be unusual for IBM to commence proceedings for unlawful termination of the Contract.

89. Annexed to Submission No. 3979 (Annexure 24), referred to in paragraph 75.b above, were the following documents:
- a. Proposed Settlement Principles dated 18 August 2010, which were based on the Proposed Contract Negotiation Parameters referred to above at paragraph 79.b ;
 - b. Items List (undated) of defects in the QHHR solution;
 - c. Letter of advice from Mallesons to John Beeston dated 16 August 2010 regarding the State's right to terminate following the 20 August 2010 target for the completion of negotiations;

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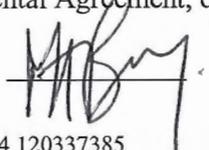
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- d. Mallesons' advice dated 17 June 2010 referred to above at paragraph 43 of my statement;
 - e. the Crown Law advice dated 20 July 2010, referred to above in at paragraph 82.k of my statement;
 - f. the Crown Law advice dated 23 July 2010, referred to above in at paragraph 43 of my statement; and
 - g. Proposed Contact Negotiation Parameters referred to above at paragraph 79.b.
90. The CBRC decisions (Decision No. 3040) (Annexure 24) in relation to Submission No. 3979, referred to in paragraph number 75.b above, were to:
- a. to note the current status of the negotiations with IBM and that there was a strong desire by both parties for a Supplemental Agreement to be implemented;
 - b. to approve the execution of a Supplemental Agreement to the contract to formalise transitional arrangements between the State of Queensland and IBM;
 - c. to note that the State would seek to protect all of its legal rights whilst the Supplemental Agreement is being negotiated and executed;
 - d. to note that, in executing the Supplemental Agreement, the State's right to terminate the Contract with IBM for material breach based upon the current Notice to Show Cause would be withdrawn and that payment of all or part of the remaining contract monies would be tied to IBM's performance;
 - e. to note that all payments would be tied to delivery of the Supplemental Agreement;
 - f. to authorise the Director-General of the DPW to act as the State's delegate in progressing the preferred option;
 - g. to authorise the Deputy Premier and Minister for Health and the Minister for Public Works and Information and Communications Technology to agree on the final terms of the Supplemental Agreement; and
 - h. to note that the Minister for Public Works and Information and Communications Technology will discuss with the Premier and Minister for the Arts and the Deputy Premier and Minister for Health any proposed public announcements on any settlement reached with IBM.

Execution of the Supplemental Agreement

91. The joint submission referred to in paragraph 75.c above canvassed key aspects of the Supplemental Agreement, discussed further in paragraph 94 below, including: the payments to

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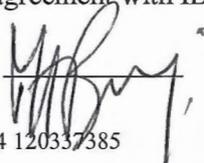
be made to IBM; the defects which IBM would agree to rectify; and releases of obligations and warranties and confidentiality provisions. A copy of the Supplemental Agreement, in final form (Version 23, 6 September 2010), was attached to this submission.

92. On 19 September 2010, the submission was considered by Paul Lucas MP, Deputy Premier and Minister for Health, and Robert Swarten MP, Minister for Public Works and Information and Communications and Technology with the following approvals given (CSB Doc 143, Vol 3, 299-319):
- a. approved the execution of the Supplemental Agreement by the Director-General of DPW on behalf of the State of Queensland to finalise the Contract;
 - b. noted the resources and timeframes requirements for QH to provide resources and expertise to undertake user acceptance testing activities as an obligation of the Supplemental Agreement; and
 - c. approved that a copy of the submission and attachments be forward to the CBRC for its information.
93. Malcolm Grierson and Kevin Killey of IBM executed the Supplemental Agreement on 22 September 2010 (CSB Doc 144, Vol 3, 320-373 and Annexure 1). It obligated IBM to carry out the body of work contained in Schedule 1 to the Supplemental Agreement by 31 October 2010 in accordance with the priority and order set out in Schedule 1. This included items contained in the:
- a. QHHR SAP Production Support Schedule;
 - b. QHHR WorkBrain Production Support Schedule;
 - c. QHHR Concurrent Employment Production Support Schedule; and
 - d. Implementation of RDO Processing for Concurrent Employees.
94. The Supplemental Agreement released IBM from those obligations from which it would have been released had the Contract been performed in a normal manner. In addition, effective from 31 October 2010, the Supplemental Agreement released IBM from any remaining warranty obligations for the system. The Supplemental Agreement imposed a confidentiality obligation on all parties to the Contract.

Implementation of the Supplemental Agreement

95. As CorpTech needed to be able to stand alone from IBM and provide ongoing support to QH for the QHHR Solution, it was essential that CorpTech establish direct supply arrangements with Infor for WorkBrain maintenance and support and with critical experienced contractors. Through agreement with IBM, CorpTech was able to retain the required key contractors

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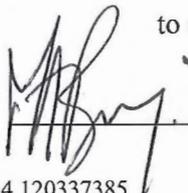
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- including those from Infor, Presence of IT and others who had contracted directly with IBM, thus mitigating risks associated with knowledge retention and business continuity.
96. I do not believe that CorpTech would have been in a better position if IBM had exited and CorpTech had retained control of the management of the system during the period of dispute. The bases of my belief are the facts to which I refer at 95 above, and the fact that until the system was accepted or the dispute with IBM was resolved it was seen as an imperative that IBM retain its responsibilities for support in line with the Contract.
97. From 1 November, 2010, CorpTech assumed full responsibility for the running, support and maintenance of the QHHR Solution.
98. IBM fulfilled its obligations under the Supplemental Agreement. The State made all outstanding payments as per the Supplemental Agreement to IBM by December 2010.
99. The Supplemental Agreement essentially ended the Contract with IBM as though IBM had successfully delivered.
100. On 18 April 2011, Simon Finn, Minister for Government Services, Building Industry and Information Communication Technology made Submission No. 4166 to the CBRC (CSB Doc 148, Vol 4, 4-117). The submission advised the CBRC of the outcomes of the negotiations between IBM and the State of Queensland which culminated in the execution of the Supplemental Agreement, its performance, authorisation to IBM to raise invoices and the fact that CorpTech had assumed responsibility for the running, support and maintenance of the QHHR Solution.
101. Annexed to the approved Submission No. 4166 were the following documents:
- a. Approval with respect to the joint submission (Submission DPW03137/10) referred to above in paragraph 75.c;
 - b. the joint submission (Submission DPW03137/10) referred to above in paragraph 75.c of my statement;
 - c. Proposed Contract Negotiation Parameters referred to above in paragraph 79.b;
 - d. the Supplemental Agreement as finalised, referred to above in paragraph 93;
 - i. QHHR SAP Production Support Schedule referred to above in paragraph 93.a;
 - ii. QHHR WorkBrain Production Support Schedule referred to above in paragraph 93.b;
 - iii. QHHR Concurrent Employment Production Support Schedule referred to above in paragraph 93.c;

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Witness signature:



- iv. Implementation of RDO Processing for Concurrent Employees referred to above in paragraph 93.d; and
 - e. Email from Michael Boughley to Mr J Brown (copied to John Swinson and Kathryn Purcell of Mallesons).
102. On 2 June 2011, the CBRC, in Decision No. 3231 (CSB Doc 148, Vol 4, 4-117), approved the recommendations contained in Submission No. 4166 referred to at 100 above. The CBRC decided to note that:
- a. the outcomes of the negotiation between the State and IBM are in accordance with the CBRC 22 July 2011 approvals (CBRC Decision Number 3019);
 - b. the Director-General of DPW had executed the Supplemental Agreement on behalf of the State, following approval by the then Deputy Premier and Minister for Health and the then Minister for Public Works and information and Communication Technology;
 - c. in executing the Supplemental Agreement, the State and IBM agreed to withdraw all current contract notices and actions and that terms and conditions of the Supplemental Agreement are to remain confidential;
 - d. IBM has fulfilled all of its obligations under the Supplemental Agreement and has been authorised to raise invoices for payment;
 - e. from 1 November 2010, CorpTech has assumed responsibility for running, support and maintenance of the QH rostering and payroll solution.

Signature:



Witness signature:



Declaration

This written statement by me dated 24 May 2013 and contained in the pages numbered 1 to 24 is true and correct to the best of my knowledge and belief.

MARGARET BERENYI Signature MAB
Signed at BRISBANE this 24 day of MAY 20 13

Witnessed:

BAM Signature
Name BROOKE ADELE MARSHALL 24th day of May 2013
SOLICITOR

Signature:



Witness signature:





**QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY**

Annexures to Statement of Witness

Items to be annexed to the statement of Margaret Berenyi taken on 8 April 2013:

Volume 1 of 2

Date	Annexure No	Document Description
02.09.2010	1	Appendix A of Schedule (2)(b) of Supplemental Agreement, QHIC Functional Specification, Concurrent Employee – RDO Accrual & Management, V1.0, with '02 September 2010' in large font on front page (ie. differs from Attachment 1.2.1f to CSB Doc 148, Vol 4, 53)
08.05.2011	2	KPMG Queensland Health Payroll Implementation Review, Stage 1 Status Report
18.05.2010	3	KPMG Queensland Health Payroll Implementation Review, Interim Report – Stage 2
16.05.2010	4	Queensland Health Payroll Stabilisation Project, Terms of Reference
27.08.2010	5	Payroll Improvement Program, Terms of Reference
30.09.2010	6	PricewaterhouseCoopers Shared Services Review
27.04.2010- 30.04.2010	7	Emails between Paul Ray of IBM and Malcolm Campbell of CorpTech and attachment – Delay Notification (DN-007)
30.04.2010	8	Letter from Mallesons Stephen Jaques (<i>Mallesons</i>) to Mr J Brown of CorpTech (<i>Letter 1</i>)
03.05.2010	9	Letter from Glen Boreham of IBM to Natalie MacDonald, Acting Director-General of DPW and Michael Reid, Director-General of QH
Undated	10	Infor Top 3 Recommendations Presentation (Powerpoint Slides)

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Witness signature:

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27.05.2010	11	Letter from Margaret Berenyi of CorpTech to Lochlan Bloomfield of IBM
01.06.2010	12	Letter from Lochlan Bloomfield of IBM to Margaret Berenyi of CorpTech and attached CCD Form CR 218, Release Plan and Appendix D, Deliverables Subject to Acceptance including Acceptance Criteria and Process
21.06.2010	13	Letter co-signed by Malcolm Grierson, Director-General of DPW, and Michael Reid, Director-General of QH
June 2010	14	Auditor-General's Report to Parliament No 7 2010, <i>Information Systems Governance and Control</i> , including the Queensland Health Implementation of Continuity Project (<i>A-G's Report</i>)
06.07.2012	15	Letter from Tim Brookes of Blake Dawson to Malcolm Grierson of CorpTech and attached Details of Breaches
09.07.2010	16	Letter from Kirsten Bowe of Mallesons to Tim Brookes of Blake Dawson
12.07.2010	17	Letter from Margaret Berenyi of CorpTech to Lochlan Bloomfield of IBM
16.07.2010	18	Notice of Dispute from Bill Doak of IBM to Margaret Berenyi of CorpTech
06.07.2010	19	Email from Jeremy Charlston of Clayton Utz to Mr J Brown of CorpTech and attached letter dated 6 July 2010
16.07.2010	20	Submission to the Associate Director-General (Ref: CTC16833) and attached letter dated 8 July 2010
30.07.2010- 20.08.2010	21	<p>Emails and attachments representative of the negotiation activities involving Clayton Utz during the negotiation period, comprising:</p> <p>29 July 2010 – 30 July 2010 Emails between Mr J Brown and Jeremy Charlston and attached draft letter from Director-General to IBM (undated)</p>

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Witness signature:



1 August 2010 – 2 August 2010 Emails from Bill Doak to Malcolm Grierson; Margaret Berenyi to Mr J Brown; Mr J Brown to Jeremy Charlston, Simon Newcomb and John Beeston (cc John Swinson); and Jeremy Charlston to Mr J Brown and attached draft letter to Lachlan Bloomfield

3 August 2010 Emails from Bill Doak to Malcolm Grierson; Mr J Brown to Jeremy Charlston and Simon Newcomb; and Jeremy Charlston to Mr J Brown and Simon Newcomb

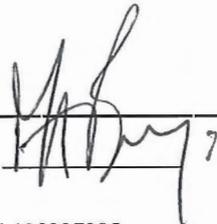
4 August 2010 – 7 August 2010 Emails from Jeremy Charlston to Tim Brookes, Tim Brookes to Jeremy Charlston; Jeremy Charlston to Tim Brookes; Jeremy Charlston to Tim Brookes; Jeremy Charlston to Mr J Brown; and Jeremy Charlston to John Beeston, James Brown, and Simon Newcomb and attached letter from Jeremy Charlston to Tim Brookes

13 August 2010 Email from Jeremy Charlston to Boyd Backhouse and attached letter from Jeremy Charlston of to Tim Brookes

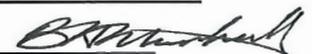
13 August 2010 Email from Jeremy Charlston to Boyd Backhouse and Mr J Brown and attached letter from Jeremy Charlston to Tim Brookes

13 August 2010 Emails from Martin Williams of Blake Dawson to Jeremy Charlston and Simon Newcomb; and Jeremy Charlston to Mr J Brown and Boyd Backhouse and attached letter from Tim Brookes to Jeremy Charlston and enclosed Settlement Terms Sheet with track changes

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Witness signature:



16 August 2010	Emails from Mr J Brown to Jeremy Charlston, John Swinson and Boyd Backhouse; and Jeremy Charlston to Mr J Brown and attached DG Briefing IBM Contract Response 16-8-2010.DOC with track changes
16 August 2010	Email from Mr J Brown to Jeremy Charlston, John Swinson and Boyd Backhouse and from Boyd Backhouse to Mr J Brown, Jeremy Charlston and John Swinson
16 August 2010	Email from Malcolm Grierson to Margaret Berenyi
18 August 2010	Email from Kevin Killey of IBM to Malcolm Grierson and from Natalie MacDonald to Margaret Berenyi
18 August 2010	Emails from Martin Williams to Jeremy Charlston and Simon Newcomb; and Jeremy Charlston to Martin Williams and Tim Brookes
18 August 2010	Emails from Kevin Killey to Malcolm Grierson; and Malcolm Grierson to Kevin Killey and Natalie MacDonald
18 August 2010	Emails from Martin Williams to Jeremy Charlston and Simon Newcomb; and Jeremy Charlston to Martin Williams and Tim Brookes
18 August 2010	Emails from Martin Williams to Jeremy Charlston and Simon Newcomb; and Jeremy Charlston to Martin Williams and Tim Brookes

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Witness signature:



18 August 2010	Emails from Martin Williams to Jeremy Charlston and Simon Newcomb, and from Jeremy Charlston to Martin Williams and Tim Brookes
18 August 2010	Email from Mr J Brown to Natalie MacDonald and attached Settlement Terms Sheet_State and IBM(2).DOC with track changes
18 August 2010 – 19 August 2010	Emails from Mr J Brown to Jeremy Charlston, Jeremy Charlston to Mr J Brown, and Mr J Brown to Jeremy Charlston
13 August 2010 – 19 August 2010	Emails from Martin Williams to Jeremy Charlston and Simon Newcomb; Jeremy Charlston to Martin Williams and Tim Brookes; Jeremy Charlston to Martin Williams and Tim Brookes; and Jeremy Charlston to Martin Williams and Tim Brookes, Jeremy Charlston to James Brown and Simon Newcomb and attached a letter from Jeremy Charlston to Tim Brookes and attached Settlement Terms Sheet without track changes
19 August 2010	Email from Jeremy Charlston to Mr J Brown and attached running sheet for D-G discussion with IBM 19_8_10.doc with track changes
19 August 2010	Email from Mr J Brown to Natalie MacDonald and attached letter from Jeremy Charlston to Tim Brookes

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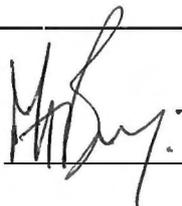


18 August 2010 – 19 August 2010	Email from Jeremy Charlston to Martin Williams and Tim Brookes; Martin Williams to Jeremy Charlston and Simon Newcomb; and from Jeremy Charlston to Mr J Brown
19 August 2010 – 20 August 2010	Email from Mr J Brown to Jeremy Charlston and John Swinson; and Jeremy Charlston to Mr J Brown; and attached Proposed Settlement Principles – state + IBM 19_8_10.doc
20 August 2010	Emails from Martin Williams to Jeremy Charlston and from Jeremy Charlston to Mr J Brown and attached letter from Tim Brookes to Jeremy Charlston

Volume 2 of 2

Date	Annexure No	Document Description
23.07.2010-29.10.2010	22	Emails and attachments representative of the negotiation activities undertaken by CorpTech officers, progress reporting and escalation of issues during the negotiation period to Malcolm Grierson and Natalie MacDonald, comprising:
23 July 2010		Emails from Margaret Berenyi to Bill Boak; Bill Doak to Margaret Berenyi and Margaret Berenyi to Mr J Brown
27 July 2010 – 28 July 2010		Emails from Bill Doak to Malcolm Grierson; Malcolm Grierson to Bill Doak; and Bill Doak to Malcolm Grierson
28 July 2010		Email from Margaret Berenyi to Phillip Hood

Signature:



Witness signature:



30 July 2010	Email from Margaret Berenyi to Karen Goddard of DPW and Cathy Cross of DPW
16 August 2010	Email from Malcolm Grierson to Margaret Berenyi and from Margaret Berenyi to Malcolm Grierson
18 August 2010	Emails from Kevin Killey to Malcolm Grierson; Malcolm Grierson to Kevin Killey; Natalie MacDonald to Margaret Berenyi; and Margaret Berenyi to Mr J Brown
19 August 2010	Email from Margaret Berenyi to Tony Skippington of CITEC
19 August 2010	Emails from Margaret Berenyi to Mr J Brown and Margaret Berenyi to Mr J Brown
19 August 2010	Emails from Margaret Berenyi to Phillip Hood; and Margaret Berenyi to Mr J Brown; and attached RWD_CRs and disputed defects_050810.xls
24 August 2010	Emails from Mr J Brown to Margaret Berenyi and from Margaret Berenyi to Malcolm Grierson and Natalie MacDonald and attached Proposed Settlement Principles Table 0.1 2410-08-24 IBM.doc
25 August 2010	Email from Margaret Berenyi to Natalie MacDonald with attached document IBM to complete by 31 October 2010.doc
25 August 2010	Emails from Margaret Berenyi to Bill Doak; Bill Doak to Margaret Berenyi; and Margaret Berenyi to Phillip Hood and Mr J Brown

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Witness signature:



26 August 2010	Emails from Sarah Adam-Gedge to Malcolm Grierson; Malcolm Grierson to Margaret Berenyi, Mr J Brown and Natalie MacDonald; and Margaret Berenyi to Malcolm Grierson
27 August 2010	Emails from Juanita Hagstrom of CorpTech to Margaret Berenyi; and Margaret Berenyi to Mr J Brown and attached Release Working Document_transition_v1MB.xls
27 August 2010	Emails from Malcolm Grierson to Bill Doak; Bill Doak to Malcolm Grierson; and Margaret Berenyi to Mr J Brown
27 August 2010	Email from Margaret Berenyi to Bill Doak
27 August 2010	Emails from Margaret Berenyi to Bill Doak and Bill Doak to Margaret Berenyi
27 August 2010	Email from Mr J Brown to Bill Doak and Kevin Killey and attached Outstanding Issues 260810-1.doc and Proposed Settlement Principles Table v0.7 (includ.IBM's position) 2010-08-27.doc
28 August 2010	Emails from Mr J Brown to Bill Doak and Kevin Killey; and Bill Doak to Mr J Brown; and attached Outstanding issues 260810-1.doc and Proposed Settlement Principles Tables v0.7 (includ.IBM's position) 2010-08-27.doc
28 August 2010	Emails from Phillip Hood to Mark Dymock of IBM; Mark Dymock to Phillip Hood; and Phillip Hood to Mark Dymock

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Witness signature:



28 August 2010	Email from Bill Doak to Margaret Berenyi and Mr J Brown; and attached 210838809_1_Supplemental Agreement IBM edits.doc
29 August 2010	Email from Margaret Berenyi to Malcolm Grierson, Natalie MacDonald and Mr J Brown and attached Outstanding Issues 290810.doc
30 August 2010	Email from James Stewart to Margaret Berenyi, Mr J Brown, Phillip Hood and John Beeston and attached documents: The Agreement between CT and IBM for Exit Transition v2.doc; Resource Allocation for Blended Team.doc; QHHR Workbrain Production Support Schedule_220910_1_IBM.xls; QHHR WB_SAP Production Support Schedule_201010_v1_IBM.xls; QHHR SAP Production Support Schedule 22010_v1_IBM.xls
31 August 2010	Emails from Tim Brookes and Martin Williams to John Swinson; John Swinson to Mr J Brown; and Mr J Brown to Margaret Berenyi (no attachment)
31 August 2010	Emails from Mr J Brown to Bill Doak; and Bill Doak to Mr J Brown
31 August 2010	Emails from Mr J Brown to Bill Doak and Kevin Killey; Bill Doak to Mr J Brown and Margaret Berenyi to Natalie MacDonald and Malcolm Grierson

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Witness signature:



31 August 2010	Email from Mr J Brown to Bill Doak with attached document 10465846_1 Agenda for Meeting with IBM.doc; 10457990_15 Agmt-Supplemental Agreemen.doc
31 August 2010	Emails from Mr J Brown to Bill Doak and Bill Doak to Mr J Brown
31 August 2010	Email from Mr J Brown to Bill Doak
31 August 2010	Emails from Mr J Brown to Bill Doak; Bill Doak to Mr J Brown and Phillip Hood to Margaret Berenyi; and attached SoW 60 Concurrent Employment.doc
31 August 2010	Emails from Mr J Brown to Bill Doak and Bill Doak to Mr J Brown
31 August 2010	Email from Mr J Brown to Margaret Berenyi
31 August 2010 – 1 September 2010	Email from John Swinson to Tim Brookes and Martin Williams; and Margaret Berenyi to Natalie MacDonald and attached document: 10457990_16 AGMT-Supplemental Agreemen.doc
1 September 2010	Email from Margaret Berenyi to Natalie MacDonald and Mr J Brown
2 September 2010	Emails from Margaret Berenyi to Natalie MacDonald and Malcolm Grierson
3 September 2010	Email from Kevin Killey to Mr J Brown; and Margaret Berenyi to Mr J Brown and attached document: 10457990_21 AGMT-Supplemental Agreemen.pdf

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Witness signature:



	21 September 2010	Email from Malcolm Grierson to Sarah Adam-Gedge and Margaret Berenyi to Mr J Brown
	28 September 2010	Email from Kevin Milham of CorpTech to Mark Dymock
	29 September 2010	Emails from Kevin Milham to Mark Dymock; Mark Dymock to Kevin Milham and Mr J Brown to John Beeston
	28 September 2010	Email from Natalie MacDonald to Margaret Berenyi
	29 October 2010	Email from Phillip Hood to Margaret Berenyi, Mr J Brown and Ray Melville of CorpTech
	29 October 2010	Email from Margaret Berenyi to Natalie MacDonald; and Margaret Berenyi to James Brown, Phillip Hood, Karen Jackson of CorpTech, and Michelle Hill of CorpTech
	29 October 2010	Email from Margaret Berenyi to Natalie MacDonald and Malcolm Grierson
22.06.2010	23	Secret Cabinet Budget Review Committee Decision No. 3019 and Submission No. 3962 and its fourteen attachments
26.08.2010	24	Confidential Cabinet Budget Review Committee Decision No. 3040 and Submission No. 3979 and its five attachments
02.06.2011	25	Confidential Cabinet Budget Review Committee Decision No. 3231 and Submission No. 4166 and its ten attachments

Signature:



Witness signature:

