



Speech by

Hon. Paul Lucas

MEMBER FOR LYTTON

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MINISTERIAL STATEMENT

Queensland Health, Payroll System

Hon. PT LUCAS (Lytton—ALP) (Deputy Premier and Minister for Health) (9.54 am): I would like to update the House on the serious issues that have arisen from the transition of Queensland Health to a new payroll system. I will go through the details shortly, but can I start by reiterating my public comments and my previous discussions with Queensland Health employees and their representatives. This simply was not good enough. It should not have happened and I take the issue very seriously. Again, I reiterate my apology and I know it has caused inconvenience and hardship for a number of our hardworking employees. This is not Queensland Health's pay; it is our workers' pay and that is why we need it sorted out now. The fact that the vast majority of people received their pay without problems means little to those very many individuals and families who have been seriously affected by these mistakes.

Queensland Health has complicated payroll arrangements. In any average fortnightly pay cycle, Queensland Health pays 74,000 staff across 13 different awards and 13 agreements covering permanent full-time, permanent part-time, temporary and casual staff, including a large component of shiftworkers. In any average fortnightly pay cycle, Queensland Health processes \$210 million in funds. Each day, Queensland Health undertakes 3,000 to 4,000 adjustments that reflect the 24-hour services that a health system provides. For example, in any normal pay period there will be adjustments when rosters change arising from the urgent call-in of medical staff to cover additional shifts, the swapping of a shift or a rostered shift not being performed, allowances for meal breaks, changes to acting arrangements and so on. Without prejudging the independent review of this rollout, it is abundantly clear that there are serious business practices that did not anticipate or make appropriate allowances for the change in data entry and the impact that that would have of staff receiving little or no pay.

After the first pay run with the new system on 24 March, approximately 18,000 individuals were affected in some way, with 1,800 people identified as having received no or minimal pay. I am advised that all of these 1,800 staff have now had their pay processed. In total, this represented \$14.5 million of funds that were affected in the first pay run. That represents approximately seven per cent of Queensland Health's total pay run. With the approach of Easter, a hotline was set up to ensure that cases could be dealt with over the Easter break and payroll staff continued processing work over the long weekend. I would like to thank the administrative and payroll staff at the coalface and publicly acknowledge the contribution they have made.

The second pay run was processed on 7 April 2010, and it was identified that some staff were not paid or received significantly less than they should have. On 8 April, 300 staff were identified as receiving no or minimal pay. Queensland Health committed that those employees identified by Queensland Health or through the unions would have their pay processed by the end of the following day. All 300 had their pay processed to the bank by close of business on 9 April 2010. Of those 300 staff, 296 have been personally contacted by Queensland Health payroll staff to ensure that they have been paid. As at 9 am on 11 April, there are four remaining staff who have not been able to be contacted, but attempts continue. In total, this

represents \$3.6 million of funds that were affected in the second pay run. This represents approximately 1.7 per cent of Queensland Health's total pay run.

Between 9 April and 9 am on 11 April, a further 82 staff have been identified as having received no or minimal pay, either by new people coming forward, follow-up contact with the hotline, or contact with payroll hubs. Between 11 April and 9 pm Monday, 12 April, a further 225 staff have been identified as receiving no or minimal pay or being in hardship. All of these staff have been personally contacted to arrange cash or confirm advice about electronic processing, depending on the preferences of the individuals and the urgency with which they require payment. These numbers will necessarily change as we are contacted or we identify other staff members who are unpaid or who are substantially unpaid.

A number of preventive strategies are being used to reduce risk for the next pay cycle. Queensland Health has identified those casual staff who work regular patterns of work and have pre-emptively entered their rosters in the system. The core problem of rosters not being entered on time has also been addressed, with district CEOs and line managers proactively chasing the data needed and increasing the speed of the turnaround process to get it to our clerks. Queensland Health is also working with CorpTech to utilise a dummy payroll as a manual check of data to identify the anomaly of people receiving pay slips with nil pay.

A key priority remains the support provided to individual staff who have been affected. Those who received little or no pay or who are experiencing hardship because of errors are being case managed to provide support and swift remedy. Once an error is identified, a payroll staff member discusses options with modes of payment including cheques, stored value cash-cards where the authorised officer accesses cash for a bank and then provides that cash for the person suffering hardship, and petty cash advances. More than one payment mode can be used, depending on the circumstances where more than \$200 is required. I just note in passing that I saw it reported in the media that someone said they had to sign for something. It is for audit reasons that we require a signature against a payment.

Each case identified as no or minimal pay or people affected by hardship is being individually case managed, including follow-up calls to confirm that payments are made. That provides important support and allows individual preferences for the staff affected. The hotline 36360737 continues to operate to provide easy contact for staff who are affected. Between Saturday, 10 April 2010 and 9 pm on 11 April, there were 199 registered calls to the dedicated payroll hotline.

As incorrect pays are remedied and back pays are received, Queensland Health will also provide support to staff to explain upcoming pay slips. As back pays are reconciled Queensland Health is preparing help desks at hospitals for individual staff members who may seek further information or clarification of their particular pay slip. Throughout the payroll and adjustment process, if there are overpayments to staff they will be reconciled and handled appropriately—that is, any reconciliation and future adjustment will be handled in a fair and compassionate way.

The Department of Premier and Cabinet has commissioned an independent external review to be undertaken by experts in these processes: KPMG. To be frank, we all know that the development of this system was a drawn-out process with a range of issues to confront. Queensland Health needed to replace its old payroll system which was on its last legs. As has been reported in the media, for example the *Courier-Mail* on 21 December last year, the old payroll system, Lattice, was failing. In the previous five years overpayments to staff of \$27 million had occurred, clearly indicating the new system was needed.

The development and implementation of new software on such a massive scale is always difficult. It is a matter of public record that the development and rollout of the new software system faced challenges including several delays. The project board identified and responded to issues throughout the term of the rollout of the payroll system, including software glitches, program delays and software quality issues, but frankly we want KPMG to have a look at that as well.

Unfortunately, there was insufficient focus on the business practices on which the system would be operated. With hindsight Queensland Health acknowledges it has let its staff down by underestimating the challenges of commencing operation of the new system after the development work was complete. This is one of the key areas KPMG can investigate and Queensland Health is providing its full cooperation.

Moving to a new system will see significant improvements for everybody in the longer term—individual employees and across government. As I said, the failure in this transition is simply unacceptable and I remain focused on supporting staff affected and improving the process in the future.