




Speech By
Hon. Campbell Newman

MEMBER FOR ASHGROVE

MINISTERIAL STATEMENT

Queensland Health Payroll System Commission of Inquiry, Report

 **Hon. CKT NEWMAN** (Ashgrove—LNP) (Premier) (9.54 am): I have received the report of the Queensland Health Payroll System Commission of Inquiry by the Hon. Richard Chesterman AO, QC. I now table the report for the benefit of members.

Tabled paper: Queensland Health Payroll System Commission of Inquiry Report, dated 31 July 2013 [\[2967\]](#).

From 1 February, the commission held 36 days of public hearings and examined 60 witnesses. One hundred and eighteen witnesses were interviewed and 119 summons or requests for information were issued. There were 44 submissions from parties with leave to appear and 20 submissions from the general public. The inquiry found—

The replacement of the QH payroll system must take a place in the front rank of failures in public administration in this country. It may be the worst.

They are the words of the commission of inquiry.

This payroll system was contracted from the international IT service provider IBM and was to cost Queensland taxpayers \$6.194 million—\$6.194 million. Instead it will have cost about \$1.2 billion by 2017. Steps taken by this government have helped stabilise its operation, but today it still requires more than 800 employees to process pay for the Queensland Health staff each fortnight.

The inquiry found that the former Labor government entered into a settlement with IBM that is binding upon the state. It provides no means by which Queensland may seek damages from IBM for breach of contract. This is salt into the wounds of Queenslanders to the lasting shame of members opposite.

Four recommendations are provided that will inform our future behaviour in the delivery of contracts and administrative arrangements vital to the future of this state. The appalling failures and incompetency that hurt Queenslanders during the saga of the Health payroll fiasco must not be repeated. But Queenslanders are angry and they are entitled to know why it took a change of government and almost three years of waiting before these facts could be known.

In this forum and with this cautionary tale now firmly in hand, I put it to the opposition leader through you, Madam Speaker, what possible benefit did Labor hope to achieve for Queensland by delaying public access to the truth? Before she left, the last Labor Premier railed against the sick administrative culture of Queensland Health, but this report shows that the same lack of accountability, duckshoving and blame shifting was dangerously endemic at every level and across the full range of public administration under Labor. It paints a damning picture of a disconnected

political leadership and blundering and incompetent directors-general, Michael Reid and Mal Grierson, who were hand-picked to be expert in scapegoating, not decision making.

The then director-general of Health, Michael Reid, was briefed about the payroll situation. The commissioner found that he took no responsibility and suffered no consequence. The report finds that the contract that made IBM the former government's prime contractor in the delivery of the ill-fated Shared Services Initiative should never have been signed. The government's program delivery director, Terry Burns, favoured IBM over other tendering companies. Public Service panels to rate the bids show signs of being tampered with. There was not even a probity adviser or a conflicts register. What is more, we cannot even locate the contact with lobbyist registers or access the diaries of former Labor ministers without paying huge sums in RTI fees to determine whether any Labor ministers had contact with IBM or other parties involved in this debacle.

Ms Palaszcuk: You don't even table your diaries in the House.

Mr NEWMAN: I urge the Leader of the Opposition to stop the interjections and listen because this is what this week is all about. Prices tendered were not properly analysed. IBM identified its price—\$98 million—in a footnote and boasted, 'Our agency-centric strategy will help you cost-effectively achieve these goals through maximised uptake of the solution.' In fact, evidence shows there was an unviable bid, tailored to suit the reserve of remaining funds previously allocated by the Bligh government. IBM went so far as to provide misleading references about its proposed computing solutions, citing satisfaction from users including major retailers that was not substantiated.

When the deal inevitably exploded, the former Labor government did nothing to fully understand the circumstances or to properly learn from the experience. A technical expert, Dr David Manfield, told the commission, 'It was Plan A or die.' He described efforts to coordinate planning between the government and IBM as 'a death spiral'.

Interruption.

Resumed from p. 2261.



Hon. CKT NEWMAN (Ashgrove—LNP) (Premier) (10.00 am), continuing: To recap the last section, a technical expert, Dr David Manfield, told the commission, 'It was Plan A or die.' He described efforts to coordinate planning between the government and IBM as 'a death spiral'. Commissioner Chesterman said this—

The State's response to the delivery of a malfunctioning payroll system was timid. Its attempts to recover any recompense for the delivery of a malfunctioning payroll system were ineffectual.

In submissions to the inquiry, former Premier Bligh claimed to have made the decision to settle with IBM rather than to seek damages because of 'public interest judgements at the highest level' and that these extended to include 'the political fortunes of the government'. In evidence, Ms Bligh and the former minister for public works, Robert Schwarten, claimed they acted against their political interests by deciding not to pursue IBM and to forego the public popularity such a move would generate. That is nonsense. The former Labor government including the Leader of the Opposition, the deputy leader and the shadow Treasurer dropped the case and went behind closed doors with IBM to create a new contract that would bind the behaviour of their contractual partner. Against the public interest former ministers like the Leader of the Opposition gave up the chance to claim damages of up to \$88 million without even seeking the advice of the Solicitor-General or senior counsel. Labor opened the floodgates to even more public expense. This began the Labor cover-up that has constrained public debate and neutered community understanding of the full and shameful circumstances.

It was a cover-up, exhumed last year by the Leader of the Opposition that lasted right up until 14 December 2012 when notice of this inquiry was finally published in the *Government Gazette*. I would like to thank the Hon. Richard Chesterman QC for leading the commission of inquiry. I would also like to thank counsel appointed to assist the inquiry, Peter Flanagan QC, Jonathan Horton and Anastasia Nicholas, as well as David Mackie, the executive director of the commission.