



MEDIA STATEMENT

17 February 2009

7.30 Report apologises to Deakin University

On Friday 30 January, 2009 *The 7.30 Report* included a segment entitled "Uncertain Future for Satyam" which referred to plans by the Indian software firm Satyam to invest in a major new software development centre at Deakin University in Geelong. The report contained a number of allegations which were factually incorrect. It suggested that Deakin University had ignored warnings from the World Bank in the form of a ban on Satyam and had proceeded to sign an agreement with the company despite these warnings.

The true chronology is as follows:

- 1 On 14 April 2008 Deakin University and the Victorian Government announced Satyam's intention to invest in the project.
- 2 In October 2008 there were, for the first time, reports in the international media claiming that Satyam was the subject of a ban by the World Bank because spy software had been discovered on workstations at the Bank's Washington headquarters. There were also reports that the World Bank had denied these reports as being riddled with falsehoods and errors.
- 3 On 23 December 2008 the World Bank issued a statement:

In order to correct erroneous press reports, the Bank has confirmed that it declared Satyam ineligible to receive direct contracts from the World Bank under its corporate procurement program for a period of eight years. Satyam was declared ineligible for contracts for providing improper benefits to Bank staff and for failing to maintain documentation to support fees charged for its subcontractors. The Bank's decision was effective in September 2008 and followed a temporary suspension that took effect in February 2008. There is no evidence that Satyam was involved in malicious attacks on the Bank's information systems.¹

[The fact that it was not until 23 December 2008 that the World Bank first made public any concerns about Satyam is confirmed by the reports referred to in points 4 and 6 below; these reports were readily available via a Google internet search.]

- 4 On 7 January 2009 the Wall Street Journal reported that in February 2008 the World Bank temporarily suspended Satyam from bidding on new contracts, and then in September formally made the firm ineligible to bid on future contracts, but did not announce the ban until 23 December 2008 – and then only after press reports about it².

.../2

¹ <http://go.worldbank.org/DQ86QB4F00>

² http://online.wsj.com/article/SB123138628492663607.html?mod=todays_us_page_one

Issued by:

Andrew Kilsby, Manager, Media Relations
03 9246 8058; 0400 669 164

MEDIA STATEMENT

17 February 2009



Page 2

5 In early January 2009 serious financial irregularities at Satyam first came to light.

6 On 28 January 2009 The Press Trust of India published the following:

Satyam still has about a dozen technical consultants working in the UN.

The World Bank, on its part, says that it kept the suspension under wraps to avoid damaging the reputation of Satyam as it was not banned until September 2008, and therefore cannot be found fault with for not informing UN, which awarded a contract to the Indian company in June last.

In the meantime, the UN agencies say their review of vendors barred by World Bank never turned up the Satyam name, until the international lender upgraded the temporary suspension to a formal ban.

The World Bank temporarily suspended Satyam in February 2008, but converted it into a formal ban only late in September, and this too was made public in December³

Accordingly there was no basis for the allegation that warnings about Satyam were ignored by, or that Deakin University was aware of, any "warning" from the World Bank at the time it signed the agreement with Satyam.

On Monday 16 February 2009 *The 7.30 Report* broadcast an apology in which they stated that "In fact the World Bank did not announce its ban until December 2008, well after Deakin University had entered into its arrangements with Satyam. *7.30 Report* apologies to Deakin University".

Professor Rosenberg, Deputy Vice-Chancellor (Academic), said that the current situation with Satyam was regrettable, particularly because it puts at risk the 2,000 jobs in Geelong that would be created by the project. "The University entered into the relationship with Satyam following proper due diligence and it is unfortunate that the original report on the ABC was factually incorrect. It is pleasing to see that *The 7.30 Report* has corrected the error."

ENDS

Professor Rosenberg can be reached for further comment on 03 5227 8509.

³ The Hindustan Times

<http://www.hindustantimes.com/StoryPage/StoryPage.aspx?sectionName=RSSFeed-Business&id=b64d01c9-fe71-420e-828e-e204f8155bd4&&Headline=Satyam+scam+betrays+gaps+in+UN+system>

Issued by:

Andrew Kilsby, Manager, Media Relations
03 9246 8058; 0400 669 164