

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 300

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Communications

Senator Birmingham asked:

Please detail all internal and external communications expenses for calendar year 2011.

Answer:

Internal communication costs for calendar year 2011 were \$119,000 including video-conferencing services of \$86,000 for educational and staff training web seminars.

External communications expenses for calendar year 2011 were \$4.8 million. This includes a broad range of activities such as community relations, corporate communications services, demonstrations facilities support, advertising and strategy development, event management and photography services.

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Question No: 302

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Network – Regional and Remote locations

Senator MacDonald asked:

Regarding the deployment of NBNC Co network infrastructure in regional and remote locations:

- a. Can you confirm the percentage of households outside of Metropolitan areas that will receive FTTP service?
- b. What is the exact per-household cost of each individual technology for providing alternative network services (wireless, FTTN, Satellite) to regional and remote customers who will not be receiving FTTP?
- c. Will individual household infrastructure for satellite services be provided by NBNC Co at no additional cost to regional and remote customers (in relation to the installation fees charged to metropolitan customers)?
- d. Will subsidised satellite infrastructure be provided indefinitely?
- e. Can you confirm the cost to the NBNC Co of providing such subsidy for the installation and maintenance of satellite network infrastructure?
- f. How does the wholesale pricing structure of satellite services differ from the fibre network and how will this impact in dollar terms on the consumer?
- g. Will access to the satellite network be made available to all wholesale customers?
- h. Is Priority Assistance fault-responsiveness compatible with the satellite network and wireless services proposed for non-metropolitan areas?
- i. What contingencies are planned/being adopted to mitigate satellite network failures and what is the cost of these contingencies on a per-household basis?
- j. What is the estimated annual budget cost of satellite network maintenance including recruitment, training and deployment of technicians?

Answer:

- a. Please refer to the public statement by Minister Conroy at the National Press Club on 13 December 2011 where he said that “Under the NBN, 70 per cent of regional Australia will receive fibre to the home”¹.
- b. There are processes in train that will impact these costs; for example, the cost of the customer equipment and the maintenance thereof is still subject to a procurement process, which has not concluded.
- c. Yes.
- d. Yes, satellite infrastructure at the customer’s premises will be maintained whilst the customer requires a service.
- e. No. The cost of the customer equipment, and the maintenance thereof, is still subject to a procurement process which has not concluded.

¹ http://www.minister.dbcde.gov.au/media/speeches/2011_-_minister_speeches/024

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- f. There is no difference in per user access wholesale pricing between satellite and fibre for the basic 12/1 Mbps service. The government has committed to a policy of cross-subsidy to ensure those people in rural and regional Australia receive the same wholesale price irrespective of where they live. Customer impacts are determined by retail pricing which is not controlled by NBN Co.
- g. Yes, if they apply and pass through the access seeker on-boarding process for satellite services.
- h. The Priority Assist only applies for a Standard Telephone Service.
- i. There are two satellites which provide diversity in the event of partial or total failure of one spacecraft. The ground infrastructure systems also have diversity to mitigate impacts of network element failures. The cost of all contingencies is included within our commercial modelling which underpins the Corporate Plan.
- j. NBN Co has not finalised the competitive procurement process for the Satellite ground systems and customer premises equipment.

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Question No: 303

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Cost and time blow-outs

Senator MacDonald asked:

Cost and time blow-outs continue to delay deployment of the network in line with originally-published proposals.

- a. What has caused these blow-outs in timetabling and costs?
- b. What is the cost of these delays, in lost revenue and additional expenditure, expressed per calendar month?
- c. What degree of certainty is offered by current roll out predictions?
- d. What impact has unreliable programming had on relationships with retail providers?
- e. Is NBN Co endeavouring to measure the impact of these failures to meet deadlines on opportunities to engage with the consumer?

Answer:

- a. This answer is provided without accepting the premise of the preamble. Mr Quigley has stated on numerous occasions including Senate Estimates and in media interviews, the Corporate Plan released in 2010 was based on the assumption that the deal with Telstra would be completed in June 2011. The delay in finalising this deal has had consequences for the rollout schedule, as has the ACCC PoI decision and construction contract negotiations which were delayed in order to ensure taxpayer benefit was maximised.
- b.& c. NBN Co is currently working on the next version of the Corporate Plan, which is due to be submitted to the government before 31 May 2012.
- d. This question is best directed to Retail Service Providers, but the response from Access Seekers to sign up to the NBN has been very positive.
- e. NBN Co will be undertaking a series of information activities to engage with end-users and inform them about the NBN rollout and what they will need to do as the NBN comes to their communities.

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Question No: 304

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co Network

Senator Macdonald asked: Copper Network exchanges, pits, pillars, MDFs and DSLAMs are being substantially de-commissioned. The NBN Co fibre network is being deployed through both existing and new infrastructure including aerial cabling. Maintenance and fault-response will apply to terrestrial and aerial network infrastructure.

- a. Will priority assistance service standards be maintained in fibre network fault-response deployment models? How has this been costed?
- b. What percentage of the NBNC Co network will be aerial cable?
- c. What infrastructure is proposed to enable maintenance of the aerial network?
- d. What statutory/regulatory agreements have been put in place to allow for the creation and maintenance of, and access to this aerial infrastructure (main roads, local council, electricity suppliers, etc)?
- e. What are the additional costs of accessing and maintaining aerial network infrastructure (cherry pickers etc)?
- f. What is the on-going operational cost to NBNC Co of contracting aerial network maintenance responsibilities? What contingencies have been put in place in cyclone zones for fault-response where aerial cables fail? What provisions have been made for priority assistance customers serviced by aerial cables in cyclone zones?
- g. Will cost blow outs in network maintenance programs be passed on to the wholesale customers (and ultimately to the consumer) or are fault-repair and maintenance costs incorporated into existing budgeting and contracted to third party suppliers?
- h. What quality assurance guarantees can NBNC Co make where it does not control maintenance of its own network?
- i. Will independent technical contractors (e.g. Silcar) be responsible for priority assistance technical support?
- j. Will they be statutorily and/or contractually compelled to provide this service standard? What remedies for breach are provided? What consumer protections/guarantees can NBNC Co offer where maintenance and fault-repair vests in third-party contractors?
- k. Have the quotes provided by third-party contractors, and NBNC Co costing, taken this into consideration?
- l. Can the NBNC Co guarantee the continued provision of priority assistance services to customer in regional and remote areas?

Answer:

- a. Priority assistance service standards will be available in NBN Co's fibre deployed network. These form part of the Wholesale Broadband Agreements (WBAs) as agreed between NBN Co and each Access Seeker. Assumptions have been built into our network and

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deployment modelling. These are commercial-in-confidence given the relationships we have with our construction and maintenance contractors.

- b. Please refer to Page 52 of NBN Co's publicly available Corporate Plan, 2011-2013. The Plan assumes 25 per cent of brownfields premises will be passed through aerial deployment in the local network.
- c. NBN Co is not defining what infrastructure a contractor is required to provide for aerial or underground infrastructure but is providing the requirements and service levels they are required to meet that support the customer requirements as defined in the Wholesale Broadband Agreement (WBA). The contractors being engaged will have both aerial and underground capability for telecommunications maintenance and will provide pricing consistent with the requirements specified by NBN Co's tender processes.
- d. The facilities access provisions of Part 20A and Schedule 1 of the Telecommunications Act 1997, and the low impact facilities regime in Schedule 3 of that Act provide for the creation and maintenance of, and access to infrastructure, including aerial infrastructure.
- e. The aerial network will be maintained as per the contractual agreements entered into by NBN Co and its third party contractors who are responsible for delivering on NBN Co's commitment to maintain the aerial infrastructure network in accordance with the contractual and WBA requirements.
- f. The ongoing operational costs of contracting aerial network maintenance are commercially sensitive information given the relationships we have with our construction and maintenance contractors. In cyclone zones, priority assist customers are managed as defined in the WBA regardless of the aerial or underground installation method.
- g. Fault repair and maintenance works will be carried out by third parties contracted to deliver on NBN Co's commitment. As such the costs associated for such work will be covered under those contractual arrangements.
- h. NBN Co does control maintenance of its network and has signed WBAs with Access Seekers which guarantee levels of service per the signed Service Level Agreements (SLAs). These SLAs define levels of service to be provided to each customer irrespective of who is providing the maintenance work on NBN Co's behalf. As part of the commercial agreements that NBN enter into the SLAs are taken into account.
- i. NBN Co has made arrangements through the WBAs to support its customers in fulfilling their priority assistance obligations. This is done in conjunction with the Access Seekers as they own the end customer relationship, and maintenance contractors where required.
- j. NBN Co does not have any direct regulatory obligations in respect of priority assistance but has made arrangements through the WBAs to support its customers fulfilment of their retail level obligations.
- k. Yes
- l. NBN Co is committed to supporting its customers' priority assistance service in accordance with its published WBA.

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Hansard Ref: In Writing

Topic: NBN Co Network

Senator MacDonald asked:

The current Telstra model sites the network boundary point (NBP) at the first socket in a detached or semi-detached dwelling, and at the Main Distribution Frame (MDF) of a high-density dwelling.

- a. Where is the NBN Co network boundary?
- b. Does NBN Co ownership of infrastructure stop at the property boundary, the outside wall/MDF, at the first socket or at the Network Terminating Device?
- c. Will NBN Co be subsidising all lead-in work (terrestrial and aerial) indefinitely or only during the initial roll out?
- d. Who will be charging migrating customers for the installation/connection of services after fitting the lead-in hardware – NBN Co, Wholesale providers or independent contractors (similar to an MDF installation by an ACMA licensed contractor)?
- e. To what point (i.e. the NBP) will NBN Co conduct maintenance and fault-repair at NBN Co's expense?
- f. Where lead-in infrastructure is pre-existing and compatible, who will perform the installation and who will pay for the installation?
- g. Does FTTP/FTTH mean new lead-in cables must be laid and therefore new trenches dug? Will this be required at *every* home, who will dig the trenches and who will be charged for this work? Has NBNC Co widely advertised such requirements?
- h. Who will be responsible for programming schedules for lead-in cable installations – terrestrial or aerial – in regional and remote areas?" "What model will be employed to control network deployment delays for regional and remote customers?"

Answer:

- a. The network boundary commences at the Point of Interconnect (POI) and finishes at the Ethernet port of the Network Termination Device (NTD) at a premises.
- b. NBN Co ownership of infrastructure will extend to the network boundary or NTD.
- c. NBN Co's is installing the network through to the NTD at a premise free of charge for a standard install.
- d. Refer answer (c) in relation to NBN Co equipment. The Access Seekers are responsible for the retail pricing construct covering the product ordered which may involve the installation/provision of their own equipment to be connected to the NTD.
- e. NBN Co will at its expense maintain all equipment from the Network to Network Interface (NNI) up to the NTD.
- f. Within the Fibre Footprint NBN Co contractors will perform the installation at NBN Co's expense but only where the lead-in infrastructure is in accordance with our specifications for fit and proper use.

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- g. Wherever possible NBN Co will be using existing lead-in conduits provided by Telstra under the terms of the Definitive Agreements. New lead-in conduits will be provided at NBN Co's expense by its contractors where existing infrastructure is either not available or not fit for use. A public information program to explain the rollout processes is underway.
- h. Construction and installation schedules will be determined by NBN Co in consultation with its construction partners and will be aligned with the publicly released three year rollout program.

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Question No: 307

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co contractors

Senator Williams asked:

I refer to an article which appeared in the West Australian newspaper of the 14th February, 2012 headed "Contractors at risk in NBN: union". It refers to industrial matters where the Syntheo consortium has passed responsibility for public liability insurance and warranties on to sub-contractors.

Who is liable to cover any cost increase that arise from industrial disputes – is it NBN or the contractor?

Answer:

The prime contractor bears these risks.

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Question No: 308

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Rollout Timetable

Senator Williams asked:

Has NBN Co considered the potential for industrial dispute-related delays when establishing its roll-out timetable?

Answer:

Yes. In modelling the rollout timetable, NBN has taken into account a number of factors including weather delays and the potential for industrial disputes.

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Question No: 309

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Co

Senator Xenophon asked:

1. In response to questions I placed on notice last estimates, NBN Co responded that “close to 50 percent of NBN Co’s procurement expenditure involves ‘Australian content’. This is compared to the 23 percent expenditure to Australian controlled entities stated by The Australian newspaper in 17 October 2011.
 - a. Is ‘Australian content’ the same as ‘Australian controlled’?
 - b. If not, what amount of expenditure has gone to Australian controlled entities?
2. What definition does NBN Co use to determine if a company constitutes ‘Australian’ or not?

Answer:

1 (a). No. “Australian content” refers to all equipment manufactured and services provided in Australia. Such equipment and services can be provided by either overseas controlled or Australian controlled companies so the “Australian controlled” percentage will always be less than the “Australian content” percentage. As time goes by, both percentages will rise because the contract value of local construction and installation services in the longer term exceeds the value of equipment. “Australian controlled” refers to companies predominantly Australian owned and controlled. The distinction between Australian controlled and foreign controlled is unambiguous in most cases.

1(b). Refer to answer number 4 in QoN 345.

2. See 1(a) above.

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Question No: 310

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Contractors

Senator Humphries asked:

- a. How many contractors are currently employed in the department/agency?
- b. How many contractors have been under contract for a period of more than 2 years?
- c. How many contractors have been under contract for a period of more than 5 years?
- d. How many contractors have been under contract for a period of more than 10 years?
- e. Does the department/agency make a habit of employing contractors to fill positions on a permanent basis?

Answer:

- a. As at 31 March 2012, NBN Co had 17 contractors employed.
- b. Nil
- c. Nil
- d. Nil
- e. No

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Question No: 311

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Efficiency Dividend

Senator Humphries asked:

- a. What is the effect of the efficiency dividend increase from 1.5 percent to 4 percent on the department/agency's budget bottom line during financial years 2012/13, 13/14, 14/15?
- b. What percentage of the department/agency's budget is designated to staffing?
- c. What is the size of the department/agency's staffing establishment? Include figures for FTE, PT, casual, contractors, and consultants.
- d. What specific strategies will the department/agency adopt to ensure continued operation within budget?
- e. Will or has consideration been made to reducing staffing compliment including contractors, and consultants?

Answer:

NBN Co is not subject to the efficiency dividend.

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Question No: 312

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

- a. How many ongoing staff recruited this financial year to date? What classification are these staff?
- b. How many non ongoing positions exist or have been created this financial year to date? What classification are these staff?
- c. This financial year to date, how many employees have been employed on contract and what is the average length of their employment period?

Answer:

- a. As at 5 March 2012, 563 ongoing staff had been recruited this financial year.
- b. As at 5 March 2012, there are 42 non-ongoing employees and 24 labour hires. This excludes contractors. Classifications vary but includes project managers, analysts and technical people.
- c. This financial year to 5 March 2012 there have been 8 employees placed on contract with an average term of two years.

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Question No: 313

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

- a. How many ongoing staff left in the year 2010-11? What classification were these staff?
- b. How many non ongoing staff left in the year 2010-11? What classification were these staff??

Answer:

- a. 121 ongoing staff left the organisation in 2010-11 of which 119 were employees and two non-executive directors.
- b. 180 non ongoing staff left the organisation in 2010-11 covering nine employees, 46 contractors, 25 consultants, 53 labour hires and 47 secondees.

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Question No: 314

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

Are there any plans for staff reduction? If so, please advise details ie. reduction target, how this will be achieved, services/programs to be cut etc.

If there are plans for staff reductions, please give the reason why these are happening.

Answer:

NBN Co has no plans for staff reductions.

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Question No: 315

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Efficiency Dividend

Senator Fisher asked:

How will the efficiency dividend applied in the 2011-12 Mid-Year Economic and Fiscal Outlook be implemented in your agency/department?

What percentage of your budget must be cut?

Will any staff position be cut to meet the efficiency dividend? If yes, provide details of where the positions are located, the classification, whether the position is ongoing or not.

Please list where and what spending has been reduced to meet the efficiency dividend.

Answer:

NBN Co is not subject to the efficiency dividend.

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Question No: 316

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

Please list the SES positions have you in your department/agency in the years 2007-08, 2008-09, 2009-10, 2010-11 and financial year to date. Identify the different levels and how many are permanent positions.

Answer:

This question is not applicable to NBN Co, which does not use the position classification system of the Australian Public Service.

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Question No: 317

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Staffing

Senator Fisher asked:

How many graduates have been engaged this year? Where have they been placed in the department/agency? Were these empty positions or are they new positions?

List what training will be provided, the name of the provider and the cost.

Answer:

NBN Co does not take part in the Australian Public Service Graduate recruitment scheme.

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Question No: 318

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Government Advertising

Senator Fisher asked:

- a. What was the total cost of all advertising for 2007-08, 2008-09, 2009-10 and 2010-11?
- b. For each of those years, list whether the advertising is campaign or non-campaign and details of each advertising, including the program the advertising was for, the total spend and the business that provided the advertising services.
- c. Did the Department of Finance and Deregulation provide any advice about the advertising? Provide details of each advertising item.
- d. Did the Advertising comply with the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies? Provide the details for each advertising item.
- e. Provide details for any other communications program, including details of the program, the total spend and the business that provided the communication services.
- f. What advertising – Campaign and Non-Campaign – and other communications programs is the Department/Agency undertaking, or are planning to undertake?

Answer:

- a. The total cost of campaign advertising for the listed years was nil. Other forms of advertising such as job advertising, tender advertising, construction and community relations notices are conducted across a number of business groups in the company. Our financial coding does not easily disaggregate this data from other communications expenditure. To do so would involve an unreasonable diversion of resources to provide the level of detail sought.
- b. Refer answer (a) above. Prior to the three-year rollout announcement in 2012, NBN Co's advertising consisted of job advertisements, tender notices, construction notices and community information session notices.
- c. No. NBN Co, as a Government Business Enterprise is not a Government Department or Agency as defined by the Financial Management and Accountability Act 1997 (FMA Act). As such it is not subject to the Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies (2010).
- d. Refer answer (c) above.

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- e. There are no other current communication programs. Refer to answer (a) above.
- f. There are two main campaigns that NBN Co is planning to undertake as the NBN is rolled out. The Understanding Campaign that will cover the “who, what and why” of the NBN and the Public Information on Migration Campaign that will cover the specific “when and how” of migration; that is, the timeline and actions people need to take to get a new service on the NBN.

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Question No: 319

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Hospitality and Entertainment

Senator Fisher asked:

- a. What is the Department/Agency's hospitality spend for this financial year to date? Detail date, location, purpose and cost of all events.
- b. For each Minister and Parliamentary Secretary office, please detail total hospitality spend for this financial year to date. Detail date, location, purpose and cost of each event.
- c. What is the Department's entertainment spend for this financial year to date? Detail date, location, purpose and cost of all events.
- d. For each Minister and Parliamentary Secretary office, please detail total entertainment spend for this financial year to date. Detail date, location, purpose and cost of each event.
- e. What hospitality spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- f. For each Minister and Parliamentary Secretary office, what hospitality spend is currently being planned for? Detail date, location, purpose and cost of each event.
- g. What entertainment spend is the Department/Agency's planning on spending? Detail date, location, purpose and cost of all events.
- h. For each Minister and Parliamentary Secretary office, what entertainment spend is currently being planned for? Detail date, location, purpose and cost of each event.

Answer:

As at 13 March 2012, NBN Co undertook the following activities: conferences, information sessions (e.g. Builder and Cabler information sessions), staff events, forums and workshops at a cost of \$200 300.

To attempt to provide the additional level of detail requested would involve an unreasonable diversion of Company resources.

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Question No: 320

Program No: NBN Co Limited

Hansard Ref: in Writing

Topic: Grants

Senator Fisher asked:

Has the Department/Agency complied with interim requirements relating to the publication of discretionary grants?

Answer:

NBN Co does not administer discretionary grants.

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Question No: 321

Program No: NBN Co

Hansard Ref: In Writing

Topic: Freedom of Information

Senator Fisher asked:

- a. Has the Department/agency received any advice on how to respond to FOI requests?
- b. What was the total cost to the department to process FOI requests for 2009-10 and 2010-11?
- c. What is the total cost to the department to process FOI requests for this financial year to date?
- d. How many FOI requests did the Department receive for the financial year 2009-10 and 2010-11? For each financial year, how many requests were denied and how many were granted? Did the department fail to meet the processing times outlined in the FOI Act for any requests? If so, how many? Do any of these requests remain outstanding?
- e. How many FOI requests has the Department received for this financial year to date? How many requests have been denied and how many have been granted? Has the department failed to meet the processing times outlined in the FOI Act for any requests? If so, how many? Do any of these requests remain outstanding?
- f. How many conclusive certificates have been issued in relation to FOI requests for this financial year to date?

Answer:

- a. Not apart from the general guidance advice provided to all agencies subject to the *Freedom of Information Act* (FOI Act) provided by the Australian Information Commission/FOI Commissioner.
- b. NBN Co was not subject to the FOI Act during the 2009-2010 financial year. The company only became subject to the FOI Act as of 11 June 2011. NBN Co responds to FOI matters as a normal part of its business activities and those costs are not separated from its ongoing expenditures.
- c. As per answer (b), above.
- d. Details regarding NBN Co's FOI activities are publicly available in the company's annual report and the reports produced by the Office of the Australian Information Commissioner (the OAIC). Between 11 June 2011 and 30 June 2011, NBN Co received 15 applications, of which two were withdrawn and one was transferred to another agency, leaving 12 outstanding as at the end of the 2010-2011 financial year. NBN Co follows the guidelines and advice issued by the OAIC when processing FOI requests.

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- e. In the current financial year to 14 February 2012, NBN Co has received 14 FOI requests and processed a total of 26 FOI applications in that period. Of those 26 requests, two were released in full; six were released in part; three were denied; and 12 were withdrawn. In relation to three applications, NBN Co held no documents. NBN Co completed all FOI requests within the processing deadlines outlined in the FOI Act and as per the OAIC's Guidelines.
- f. Nil. Conclusive Certificates were abolished on 7 October 2009.

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Question No: 322

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Consultancies

Senator Fisher asked:

- a. How many consultancies were undertaken in 2007-08, 2008-09 and 2009-10?
- b. How many consultancies have been undertaken this financial year to date? Identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the arrangement, and the method of procurement (i.e. open tender, direct source, etc). Also include total value for all consultancies.
- c. How many consultancies are planned for this calendar year? Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not? In each case please identify the subject matter, duration, cost and method of procurement as above, and the name of the consultant if known.

Answer:

- a. 2007-08: nil
The details sought about consultancies during 2008-09 and 2009-10 across the entire company are not captured on any central database. To compile this information would involve an unreasonable diversion of resources in the company.

See answer (a) above in relation to the availability of detailed information on each consultancy.

- c. See answer (a) above. As a Government Business Enterprise, NBN Co is not required to produce or publish an Annual Procurement Plan on the AusTender website.

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Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 323

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Media Monitoring

Senator Fisher asked:

What was the total cost of media monitoring services, including press clippings, electronic media transcripts etcetera, provided to the department/agency for 2007-08, 2008-09, 2009-10 and 2010-11?

Answer:

2007-08: Nil

2008-09: Nil

2009-10: \$21,861.17 (excluding GST)

2010-11: We have already provided this figure to you during 2011 Supplementary Budget Question on Notice 560, this figure was \$152,034 (excluding GST).

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NBN Co Limited

Question No: 324

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Media Monitoring

Senator Fisher asked:

What was the total cost of media monitoring services, including press clippings, electronic media transcripts etcetera, provided to the department/agency for this financial year to date?

- a. Which agency or agencies provided these services?
- b. What is the estimated budget to provide these same services for the year 2011-12?
- c. What has been spent providing these services this financial year to date?

Answer:

- a. Media Monitors
- b. Estimated expenditure for 2011-12 is \$120,000.
- c. Actual expenditure to 29 March 2012 is \$82,949 (excluding GST).

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NBN Co Limited

Question No: 325

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Social Media

Senator Fisher asked:

Has there been any changes to department and agency social media or protocols about staff access and usage of YouTube; online social media, such as Facebook, MySpace and Twitter; and access to online discussions forums and blogs since publication of the Australian Public Service Commission's Circular 2012/1: Revisions to the Commission's guidance on making public comment and participating online? If yes, please explain and provide copies of any advice that has been issue. If no, please explain why not.

Answer:

This question is not applicable to NBN Co as a Government Business Enterprise.

Senate Standing Committee on Environment and Communications
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Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 327

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Government Payment of Accounts

Senator Fisher asked:

For this financial year to date, has the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e.within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached)

- a. For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- b. Where interest is being paid, what rate of interest is being paid and how is this rate determined?

Answer:

NBN Co is not subject to the Commonwealth Procurement Guidelines. NBN Co's standard payment terms are 30 Days end of month. Accounts are paid in accordance with these terms except where it is found that the supplier has not delivered all of the required deliverables in accordance with their Statement of Work.

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NBN Co Limited

Question No: 328

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Government Stationary Requirements

Senator Fisher asked:

How much was spent by each department and agency on the government (Ministers/Parliamentary Secretaries) stationery requirements in your portfolio (i.e. paper, envelopes, with compliments slips) this financial year to date?

Answer:

This question is not relevant to NBN Co.

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Question No: 329

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Media Subscriptions

Senator Fisher asked:

1. Does your department or agencies within your portfolio subscribe to pay TV (for example Foxtel)?
 - a. If yes, please provide the reason why, the cost and what channels.
 - b. What is the estimated cost for 2011-12?
 - c. What is the cost for this financial year to date?
2. Does your department or agencies within your portfolio subscribe to newspapers?
 - a. If yes, please provide the reason why, the cost and what newspapers.
 - b. What is the estimated cost for 2011-12?
 - c. What is the cost for this financial year to date?
3. Does your department or agencies within your portfolio subscribe to magazines?
 - a. If yes, please provide the reason why, the cost and what magazines.
 - b. What is the estimated cost for 2011-12?
 - c. What is the cost for this financial year to date?

Answer:

1. Yes.
 - a. NBN Co has a basic information package from Foxtel in order for the company to stay informed of relevant public affairs and events. The total cost is \$1,100 per month for services across all our offices.
 - b. The estimated cost for 2011-12 is \$15,000 (excluding GST).
 - c. To 31 January 2012 the cost was \$9,047 (excluding GST).
2. Yes.
 - a. The subscriptions are to ensure the company can track relevant public developments, business news and industry commentary. NBN Co has subscriptions for the Sydney Morning Herald Age, Australian, Australian Financial Review and Herald Sun newspapers.
 - b. The estimated cost of newspapers and magazines for 2011-12 is \$12,000 (excluding GST).
 - c. The cost of newspapers and magazines for the financial year to date (to end January 2012) is \$6,861 (excluding GST).
3. Yes.
 - (a) to (c). Costs of magazines are not separated in our systems and are included in the answers to question 2 above.

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Question No: 330

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Travel Costs

Senator Fisher asked:

- a. For the financial year to date, please detail all travel (itemised separately) undertaken by employees of each department and agency within each portfolio. Include details of what the travel was for, what cost was spent on travel (including travel type – i.e. business airfare), accommodation, security, food, beverages (alcohol listed separately), gifts, entertainment, and all other expenses.
- b. Are employees taking the most direct route when travelling? If not, please explain why.
- c. Are lounge memberships provided to any employees? If yes, what lounge memberships, to how many employees and their classification, the reason for the provision of lounge membership and the cost per employee.
- d. When SES employees travel, do any support or administrative staff (such as their Executive Assistant) travel with them? If yes, provide details of why such a staff member is needed and the costs of the support staff travel.

Answer:

- a. The total travel cost (both domestic and international) as at 13 March 2012 was \$5.9 million. This includes such items as accommodation, airfares, car hire, parking, taxis and trains. To attempt to provide the itemised travel details as requested would involve an unreasonable diversion of company resources.
- b. NBN Co has appointed a travel management company. All air travel, accommodation and car hire must be booked through this company as must any subsequent alterations. All travelling will therefore be the most direct route and at the best available rate.
- c. As part of the engagement of Virgin Australia as the preferred provider for domestic air travel for NBN Co, lounge membership is available to NBN Co employees who are required to travel. As at 13 March 2012 there are 641 employees with Virgin Australia memberships. These are at nil cost per employee under the arrangements with the provider.
- d. NBN Co does not have SES employees.

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Question No: 331

Program No: NBN Co

Hansard Ref: In Writing

Topic: Legal Costs

Senator Fisher asked:

- a. What sum did each portfolio department and agency spend on legal services for this financial year to date within the department/agency? Please provide a list of each service and costs.
- b. What sum did each portfolio department and agency spend on legal services this financial year to date from the Australian Government Solicitor? Please provide a list of each service and costs.
- c. What sum did each portfolio department and agency spend on legal services this financial year to date from private firms? Please provide a list of each service and costs.
- d. What sum did each portfolio department and agency spend on legal services this financial year to date from other sources? Please provide a list of each service and costs

Answer:

- a. For the period 1 July 2011 to 31 January 2012, the spend on legal and regulatory support services \$14.594 million.
- b. NBN Co has not retained the Australian Government Solicitor during this period.
- c. Refer answer (a) above.
- d. Nil.

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NBN Co Limited

Question No: 332, 333 & 334

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Education Expenses

332. Senator Fisher asked:

For this financial year to date, detail all education expenses (i.e. in house courses and tertiary studies) for each portfolio department and agency. Include what type of course, the total cost, cost per participant, how many participants and the amount of study leave granted to each participant. Also include the reason for the study.

Topic: Executive Coaching and Leadership Training

333. Senator Fisher asked:

In relation to executive coaching and/or other leadership training services purchased by each department/agency, please provide the following information for this financial year to date:

1. Total spending on these services
2. The number of employees offered these services and their employment classification
3. The number of employees who have utilised these services, their employment classification and how much study leave each employee was granted
4. The names of all service providers engaged

For each service purchased from a provider listed under (4), please provide:

- a) The name and nature of the service purchased
- b) Whether the service is one-on-one or group based
- c) The number of employees who received the service and their employment classification
- d) The total number of hours involved for all employees
- e) The total amount spent on the service
- f) A description of the fees charged (i.e. per hour, complete package)

Where a service was provided at any location other than the department or agency's own premises, please provide:

- i. The location used
- ii. The number of employees who took part on each occasion
- iii. The total number of hours involved for all employees who took part
- iv. Any costs the department or agency's incurred to use the location

Topic: Media Training

334. Senator Fisher asked:

In relation to media training services purchased by each department/agency, please provide the following information for this financial year to date:

1. Total spending on these services
2. The number of employees offered these services and their employment classification
3. The number of employees who have utilised these services, their employment classification and how much study leave each employee was granted
4. The names of all service providers engaged

For each service purchased from a provider listed under (4), please provide:

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- a) The name and nature of the service purchased
- b) Whether the service is one-on-one or group based
- c) The number of employees who received the service and their employment classification
- d) The total number of hours involved for all employees
- e) The total amount spent on the service
- f) A description of the fees charged (i.e. per hour, complete package)

Where a service was provided at any location other than the department or agency's own premises, please provide:

- i. The location used
- ii. The number of employees who took part on each occasion
- iii. The total number of hours involved for all employees who took part
- iv. Any costs the department or agency's incurred to use the location

332,333 & 334 Answers:

The education expenses for the financial year to date (29.02.12) total \$2,723,758.01.

Course types range from regulatory and compliance training (eg OH&S, FOI), induction and orientation of new employees through to training required to ensure effective job performance and the use of on-line corporate systems.

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Question No: 335

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Paid Parental Leave

Senator Fisher asked:

- a. Please list how many staff in each portfolio department and agency are eligible to receive payments under the Government's Paid Parental Leave scheme?
- b. For this financial year to date list which department/agency is providing its employees with payments under the Government's Paid Parental Leave scheme? Please list how many staff are in receipt of these payments.

Answer:

Staff accessing the paid parental leave scheme is a private matter for them and the Family Assistance Office.

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Question No: 336

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Corporate Cars

Senator Fisher asked:

- a. How many cars are owned by each department and agency in your portfolio?
- b. Where is the car/s located?
- c. What is the car/s used for?
- d. What is the cost of each car for this financial year to date?
How far did each car travel this financial year to date?

Answer:

NBN Co uses lease arrangements and therefore does not own any cars.

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Question No: 337

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Taxi Costs

Senator Fisher asked:

- a. How much did each department/agency spend on taxis in 2007-08, 2008-09, 2009-10 and 2010-11? Provide a breakdown of each business group in each department/agency.
- b. How much did each department/agency spend on taxis this financial year to date? Provide a breakdown of each business group in each department/agency.

Answer:

NBN Co's accounts system combines taxi and train expenditure. In 2009-10, expenditure on both the taxi and train line items were \$198,336; 2010-11 was \$0.9 million; and for FY2011-12 to 29 February 2012, it was \$1.1 million.

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Question No: 338

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Credit Cards

Senator Fisher asked:

- a. How many staff in each department and agency have a corporate credit card? What is their classification?
- b. What action is taken if the corporate credit card is misused?
- c. How is corporate credit card use monitored?
- d. What happens if misuse of a corporate credit card is discovered?
- e. Have any instances of corporate credit card misuse have been discovered? List staff classification and what the misuse was, and the action taken.
- f. What action is taken to prevent corporate credit card misuse?

Answer:

- a. As at 2 March 2012, there were 143 holders of a corporate credit card. Generally senior managers at general manager level and above are issued with credit cards. Cards are also issued to other staff depending on their circumstances, such as frequent travellers. Eligibility for a corporate credit card is governed by NBN Co Corporate Credit Card Policy (“the Policy”).
- b. As per the Policy, employees may be subject to disciplinary action if they misuse the card. Also, these are employee liability cards, which means that if expenditure is not approved in accordance with policy or the employee uses it for a personal item, they are personally liable for the expenditure.
- c. Corporate credit cards are issued by American Express (“AMEX”). The cards are “limited liability” cards meaning that employees must pay the balances of the cards themselves and seek reimbursement of business expenses from the company. AMEX issues monthly reports to NBN Co of all credit card use. NBN Co can also access card account details online at any time.
- d. See b.
- e. There have been no instances of misuse detected.
- f. The Policy sets out the use of the card. Integral to the Policy, employees are also subject to the Travel & Expense Reimbursement Policy. Business expenses incurred on a card are reported on an Expense Claim Report, which is approved by a cardholder’s manager. Expense Claim Reports are then double checked by Accounts Payable for compliance with relevant policies before payment is made.

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NBN Co Limited

Question No: 339

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Provision of equipment

Senator Fisher asked:

- a. Does the department/agency provide their Ministers and/or Parliamentary Secretaries and/or their offices with any electronic equipment? If yes, provide details of what is provided, the cost and to whom it is provided.
- b. What equipment is provided to department/agency staff? Please list what the equipment is, the cost, the classification of the staff receiving the equipment and the reason why.

Answer:

- a. No
- b. NBN Co staff are provided with the necessary equipment to carry out their work. Listing the various pieces of equipment provided to staff and cross-checking this against classification and individual requirements would be an unreasonable diversion of resources.

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NBN Co Limited

Question No: 340

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN in Tasmania

Senator Bushby asked:

1. How many Tasmanian homes and businesses have signed up to the NBN in Tasmania?
2. And how many homes and businesses in Tasmania does it actually pass?
3. What is the take-up rate in the first three locations (Scottsdale, Smithton, Midway Point)?
4. What are the construction and connection dates for all seven locations in Tasmania in Round 2?
5. Why did the NBN Demo Truck cut short its tour of Tasmania?
6. How many locations did it visit and how many locations was it supposed to visit?
7. How much has the NBN Demo Truck cost?
8. How much will the repairs cost and how long will they take?
9. How many people have visited the Demo Truck so far?
10. Can you please explain the difference between the platform used for the three first release sites (Midway Point, Scottsdale, Smithton) and the platform being used in sites where NBN is being rolled out more recently?
11. Who was the supplier for the first three release sites?
12. Will premises in these locations have to be retrofitted and if so, why?
13. If the answer is yes, has any estimation been made of the cost to retrofit these premises and if so, what is it?
14. Can you please explain what an NEC box is, and what an Alcatel-Lucent box is and any differences between the two?
15. What actions are being taken in order to ensure Tasmania is included in Telstra's NBN packages?

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Answer:

1. As at 6 April 2012, 702 premises had ordered services on the network.
2. As at 6 April 2012, 3987 premises were passed in the three first Tasmanian sites.
3. As at 6 April 2012: Midway point: 27% Smithton: 14%; and Scottsdale: 13%
4. Please see the 12-month and Three-Year rollout schedules on the NBN Co website.
5. NBN Co postponed the visits of the NBN Co demonstration vehicle to five Tasmanian locations: Penguin, Burnie, Wynyard, Stanley and Smithton. The NBN Co demonstration team met with each of these councils individually in the absence of the vehicle. The postponement followed the discovery of a manufacturing fault which could have led to water damage. The possibility, however remote, that this could affect the electronics on the truck meant taking it off the road. Our chief priority remains the safety of the thousands of visitors who pass through the truck and of course the NBN Co staff present. NBN Co worked with the manufacturer to undertake the necessary repairs and the Truck commenced its tour of Victoria on 13 February 2012.
6. In Tasmania the truck visited 23 different locations. It was planned to visit 28 locations (refer also to answer 5 above).
7. The truck is an efficient way of informing communities around Australia about the NBN and helps address the comments from the Joint Committee on the NBN that NBN Co needed to engage more with local communities, particularly in remote and regional areas. (JCNBN Second Report pp 123-124). The cost of implementing this initiative was \$1.4 million for the full trailer build and audio-visual fit out.
8. The repairs were done under warranty by the manufacturer at no cost to NBN Co.
9. The truck spent 30 days in Tasmania and covered 23 towns. As at 20 March 2012 the truck has spent 25 days in Victoria covering 19 towns. As at 29 February 2012 more than 2,572 people have been through the truck.
10. The Gigabit-capable Passive Optical Network (GPON) platform currently providing services in the Tasmanian first release operational trial sites is designed, manufactured and supported by a different vendor (NEC) to the platform used for the national roll out (Alcatel-Lucent). The platform deployed in Tasmanian first release sites is an older generation GPON platform and technology. It would require significant investment to integrate the NEC management platform with NBN Co's Operational Support Systems (OSS) to achieve the same level of automation and support.
11. The equipment designer and manufacturer for the first three Tasmanian first release sites was NEC. The equipment was operated by Opticomm.

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12. A decision has been taken to standardise the end user premises equipment in order to streamline the ongoing processes to update the firmware/software within each individual end user device as required over time. To achieve this, the relatively few number of NEC devices in the premises in the pre-release towns will be easily swapped out and replaced with the standard Alcatel equipment.
13. Approximately \$1.2 million.
14. NEC and Alcatel-Lucent each provide a number of devices. The NTD (network termination device) is the GPON 'router-like' device at the end user premises. The OLT (optical line terminal) is the GPON device at NBN Co's FAN site. There is also an EMS (element management system) that NBN Co uses to manage the OLTs and NTDs. Refer also to answer number 10.
15. Telstra commenced placing orders on NBN Co in pre-release towns in late 2010. Telstra, like all other access seekers can place orders in Tasmania pre-release towns tomorrow if they choose to as will all access seekers be able to in the next seven towns in Tasmania.

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Question No: 341

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Tenders

Senator Boyce asked:

Given that the tenders for the value-adding design, manufacture, and supply of network technologies for the NBN construction were bulked up and written in such a way that only major multinational suppliers could respond, what opportunities remain for technological Australian SMEs to participate in the major procurement spends planned?

Answer:

In accordance with the Government's Statement of Expectations, NBN Co is working with industry groups to promote opportunities and advise the market of Small and Medium Enterprises (SMEs) who are successful in its procurement process.

There are many opportunities for SMEs in the deployment and operation of the NBN Co network. The majority of these opportunities are in the provision of services for construction and ongoing operation of the network in every region of Australia. There are opportunities in manufacturing and supply of components and equipment for the network.

NBN Co is promoting the participation of SMEs in five primary ways:

- Ensuring that large contracts for network construction and operation are structured to drive the use of local SME subcontractors in each region.
- Awarding maintenance and support contracts directly to SMEs, especially in regional areas.
- Awarding supply contracts directly to local SMEs wherever possible, especially for specialised equipment such as fibre optic tools, test equipment and consumables.
- Requiring suitable network equipment such as Fibre Distribution Hubs to be manufactured locally using local SMEs to make and finish component parts to international specifications.
- Involving the Industry Capability Network (ICN) in sourcing activities and encouraging head contractors to use the services of ICN to engage SMEs.

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Question No: 342

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

What intellectual property for the design of high value-add telecommunications hardware and software will be developed by Australian-resident companies under the NBN tender and contracting framework?

Answer:

Some examples include:

- Network planning and design software.
- Wireless Network Terminating Device (WNTD) hardware and software.
- High Density Optical Distribution Frame (HDODF) and Sub-rack hardware.

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Question No: 343

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

What is NBN Co doing to ensure Australian technology manufacturers gain access to the supply chains of the participating multinationals such as Alcatel and Ericsson?

Answer:

NBN Co has sought to ensure access for Australian companies that offer competitive products and services. Examples include Netcomm supplying Wireless Network Terminating Devices (WNTDs) for Ericsson, and local subcontractors manufacturing Fibre Distribution Hub (FDH) cabinets to Corning's design.

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Question No: 344

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

Ten years ago Ericsson withdrew its R&D from Australia following a reduction in Telstra's infrastructure spend, resulting in the loss of 450 jobs. What steps are being taken this time to prevent a repetition of that scenario and ensure that Australian industry benefits from the network build, in a way that will be enduring?

Answer:

Deployment of the NBN Co fibre, wireless and satellite networks will create a significant number of jobs over the life of the project.

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Question No: 345

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

1. How are local SMEs being encouraged to develop Australian-owned intellectual property and design skills for the network rollout that will stay put, as opposed to last time when that capacity was pulled back to Sweden after the multinational lost interest?
2. We hear a lot of talk about innovation, productivity, and advanced manufacturing. How many Australian SMEs fitting that description have been engaged to participate in providing network software and hardware for the \$40B procurement underway to install the NBN?
3. What steps is NBN Co taking to encourage and assist such manufacturers to participate in its network procurement?
4. What percentage of the total tenders or contracts let by NBN Co. thus far have gone to Australian owned companies?

Answer:

1. Local SMEs are providing many of the skilled staff engaged in planning and design of the fibre network in each locality. Local SMEs are also involved in development of specialised network design software and in the design, development and production of equipment such as the Wireless Network Terminating Devices (WNTDs) and High Density Optical Distribution Frames (HDODFs) and Sub-racks.
2. A small number of local manufacturers and a larger number of local service providers including software developers and network deployment planners and designers are actively engaged in contributing to the NBN.
3. Where capabilities are available locally NBN Co contracts directly with local companies. In addition NBN Co requires major contractors to develop Australian Industry Participation (AIP) plans identifying local SMEs and explaining what part they will play and how they will be engaged.
4. The value of Australian content as a percentage of the total value of all contracts is approximately 47 per cent, while the contract value awarded to Australian controlled companies currently sits at 18 per cent following the award of the high value satellite contract to an overseas company.

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Question No: 346

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

What does that represent in dollar terms and as a percentage of the total value of contracts/tenders that have been let so far by the NBN?

Answer:

Australian controlled companies have been awarded \$1.6 billion contract value out of \$9 billion total contract value awarded to date, or 18 per cent. It should also be noted that the value of Australian content in all contracts to date is \$4.3 billion.

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Question No: 347

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

NBN Co claims it mandates that contract winners must guarantee "local content and sourcing arrangements". What does mandate mean?

Answer:

NBN Co requires major contractors to develop Australian Industry Participation (AIP) plans identifying local SMEs and explaining what part they will play and how they will be engaged. Furthermore certain contracts include specific requirements for local manufacture of certain equipment such as fibre optic cable after a certain transition period from overseas supply.

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Question No: 348

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

Is it a compulsory part of every tender & contract, if so what is the wording?

Answer:

The NBN Co requirement for major contractors to develop Australian Industry Participation (AIP) plans applies to tenders that are over \$20 million in value and open to suppliers of equipment which could be made either overseas or in Australia.

AIP plans are not required for:

- Construction or installation services contracts which are inherently 100% local; or
- Contracts for supply of equipment like satellites which have unique global sources.

The wording for compulsory local manufacture of certain equipment is along the lines of “Local manufacturing commitments – Supplier agrees that it will manufacture 80% or more of [product] in Australia from [date].”

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Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 349

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

What does an overseas owned company have to do to satisfy this mandated requirement?

Answer:

Engage local suppliers (as Ericsson has done with Netcomm and local wireless construction contractors for example) or demonstrate local production capabilities and activities to the satisfaction of NBN Co.

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 350

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

An innovative Australian company already contracted to provide hi- tech satellite communications for the Australian Defence department claims to have the best quality best priced satellite transmitters and receivers found the lead contactor Ericsson had a cursory look at their product and decided to import their own completely ignoring the Australian designed and made equipment. Doesn't sound like your mandate has any teeth?

Answer:

The Australian company referred to has two entirely different product families – terrestrial microwave equipment and high-tech satellite equipment.

Ericsson has assessed the company's microwave equipment and associated Network Management System (NMS). Although the company's microwave equipment is regarded as well engineered, the NMS is not compatible with NBN Co's network. The requirements for the company's microwave equipment to be used in NBN Co's wireless network would be:

1. Availability of a suitable NMS that meets NBN Co's carrier-grade requirements
2. Successful engineering development to integrate with Ericsson's Wireless equipment and the chosen NMS, and
3. Competitive pricing including NMS, integration and testing costs.

The Australian company's satellite equipment is currently being assessed by NBN Co's satellite supplier SS/Loral for use as part of their Telemetry, Tracking and Command solution. It is also possible that the successful tenderer for NBN Co's satellite ground stations may engage with the Australian company.

NBN Co will continue to review opportunities for use of Australian made high-tech equipment.

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 351

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN tenders

Senator Boyce asked:

Could you please provide the details of such arrangements under each and every contract NBN Co. has let so far. What Australian owned companies have benefited from this mandate, what contracts have been given to them as a result of this mandate and what has been the value of those benefits in dollar terms for each Australian company?

Answer:

NBN Co's procurement policy is based on the Commonwealth procurement guidelines, which have specific reference to Australian and New Zealand Small-to-Medium-sized Enterprises.

NBN Co seeks local content and sourcing arrangements in its major contracts, particularly where there is known local supply capacity or the potential to promote additional local production through NBN Co contracts. This has led already to approximately half of current contract values being for local content.

This is particularly noteworthy given the heavy weighting in our initial procurement needs for components and equipment. The proportion of local content is likely to increase significantly as more service contracts are awarded, such as the construction contracts, which by their nature are locally sourced.

Details of arrangements under individual contracts in place with NBN Co contain confidentiality requirements. Disclosure of such information may therefore result in a breach of NBN Co's confidentiality obligations which may cause harm to the commercial relationships in place between the parties and ultimately to the Australian taxpayer.

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 352

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Tenders

Senator Boyce asked:

It has been claimed by the CEO of the Housing Industry Association, Graham Wolfe, that new home buyers in Greenfield housing developments will have to pay considerably more to gain access to the National Broadband Network than existing home owners.

Is this true and if so how much extra will they have to pay?

Answer:

No we do not agree with the premise that housing developments will have to pay considerably more.

Developers have long been required to provide trenching for telecommunications. NBN Co uses shared trenches, so there really is no incremental cost over what a developer would normally have to do.

NBN Co does require the developer to supply 'pit and pipe' infrastructure and transfer this to NBN Co. This component is an incremental cost to the developer – which they undertake in consideration of NBN Co providing fibre and in satisfaction of the Fibre Access Act. NBN Co meets the other costs of a fibre connection

It is important to remember that under the previous arrangements the householder would pay connection fees to get each new service connected. Using the Telstra charges as a guide (refer <http://www.telstra.com.au/moving-home/building-new-home/index.htm>) it is \$299 for a single telephone service and \$201 for ADSL (<http://www.telstra.com.au/customer-terms/home-family/bigpond-services/adsl/?red=/customerterms/bigpond/adsl.htm> at Sect 7.4.)

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 353

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: NBN Tenders

Senator Boyce asked:

According to their own and last Annual Report NBN Co that only 12.5 per cent of NBN's senior managers, 20.7 per cent of all managers and only 27 per cent of all employees are women. Is this best practice? Is this Government setting the right example?

Answer:

The Board of NBN Co has been advised by its Shareholder Ministers, of the Australian Government's commitment to improving economic outcomes for women and their representation in leadership positions. The Board is also very aware of the Government's commitment of 40 per cent representation of women on Government portfolio boards by 2015.

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2012
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 354

Program No: NBN Co Limited

Hansard Ref: In Writing

Topic: Skymesh

Senator MacDonald asked:

In the Environment and Communications Legislation Committee Estimates hearing commencing 20.44 on Tuesday February 14th Mr Quigley from NBN Co and Senator Conroy identified the NBN retail provider 'Skymesh' whose "...cheapest price is now \$29" (Environment and Communications Legislation Committee Feb 14, 2012 Hansard, page 111). Mr Quigley went on to identify that "They are paying \$24" (Environment and Communications Legislation Committee Feb 14, 2012 Hansard, page 112).

- a. Can the Minister explain how it is that Skymesh is able to meet its expenses at a mark up of only \$5 per month?
- b. How sustainable is a network that relies on retailers with these margins?
- c. Does the Minister stand by the summary financials at page 134 of the NBN Corporate plan (reflected in his statement at the time of the launch of the NBN) that the NBN will run at a profit in 2018?
- d. Does the Minister stand by his statement in a joint media release dated April 7th 2009 that the NBN will be "sold down" to private investors within 5 years?
- e. What is the latest available half year current expenditure and earnings of NBN Co?

Answer:

- a. – b. Any questions into the effects of retail price competition should be directed to the retail service providers, such as Skymesh in this example.
- c. A revised version of the Corporate Plan is currently being developed and this will be provided to Government before 31 May 2012.
- d. The Government's policy in relation to Commonwealth ownership and sale of equity in NBN Co has been enshrined in legislation. Refer to *National Broadband Network Companies Act 2011*.
- e. This information is available in the Government's reports to the JCNBN, which provide comprehensive financial data and are available on the JCNBN website.