

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Supplementary Budget Estimates Hearings November 2013

Communications Portfolio

NBN Co Limited

Question No: 184

Program No. NBN Co

Hansard Ref: Pg 86-87 (19/11/2013)

Topic: Visionstream and other sub-contractors

Senator Urquhart asked:

The government's policy document, *Economic growth plan for Tasmania*, stated that a coalition government would honour 'all existing contracts that are under way'. Could you define what 'existing contracts that are underway' means to NBN Co.

Mr Brown: Yes. There are a number of contracts that we have with people doing work in Tasmania. The first category is the brownfields work which we just spoke to—that is the contract with Visionstream, and we are out on the public record as being in discussions with Visionstream commercially to try to address the impasse that we are in at the moment related to the numbers they have committed in their contract. That is a commercial issue for the NBN that is hopefully going to be resolved shortly. Certainly we are committed to trying to find a resolution to this in a way so they can get back on the job and work effectively but at a fair price.

The second piece of work that is going on in Tasmania relates to our customer connection activities. Visionstream does most of that work as well but there are a couple of subcontractors that are working directly for us in Tasmania on that.

The third area—

Senator URQUHART: Sorry—who are the other subcontractors?

Mr Brown: There are two other subcontractors. I need to come back to you with their names. They are very small players.

Senator URQUHART: Are they contracted directly to Visionstream or are they contracted to NBN Co.?

Mr Brown: At the moment they are doing some pieces of work for NBN Co., but we coordinate with sufficient strength to ensure we are operating in the market efficiently. There are two other pieces of work, when you talk about contracts and contractors. The first one is our fixed wireless rollout which is going to time in Tasmania. That is with Ericsson who in turn have subcontracted out to, I think, John Holland but I will need to confirm that for you. Our contract is with Ericsson and Ericsson then subcontract out to other players to provide that work. The last piece is actually to do with our greenfields operations there, which is building new estates, and that is also with Visionstream. Each of those contracts are discrete in the own nature because they deal with different types of activities for us. We have agreements in place and we continue to work to them.

Senator URQUHART: I am not sure whether I missed it, but I guess the key point I am getting at there is what is the word for all the existing contracts that are underway—what does that word 'underway' mean to NBN Co.? Does it mean design and consultation? Does it mean that the street has been ripped up? Does it mean a contract has been issued, or a work plan? What does it actually mean? Can you elaborate a little bit more on that scenario of existing contracts underway?

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Answer:

The 'other contractors' referred to were Comstar Systems and Linktech who were both under contract to NBN Co in the early First Release Sites in Tasmania when NBN Co was working with Aurora. Since Visionstream was awarded Work Package 4 in March 2012, NBN Co has not had a contractual relationship with other contractors.

"Existing contracts that are underway" can be said to have entered the post award contract management phase. The start of this phase is the setting up of the contract details in NBN Co's systems. Issuance of work under the contract is undertaken when a project on the NBN Co's approved Plan of Works is released for commencement of work. At this stage a design contract instruction will be issued under the contract (for design work) or a construction contract instruction will be issued (for construction of an approved design). NBN Co then project manages the work until completion. Various milestone payments for work and where necessary, changes to work undertaken by the contractor, will be managed by NBN Co until satisfactory completion and handover of the project.

Existing contracts that are underway is not an NBNC Co contractual term, however, in general usage within NBN Co, this is taken to mean any or all of the stages from issue of the first contract instruction under a contract through to the satisfactory completion of all contract instruction issues under the contract.