

Senate Standing Committee on Environment, Communications and the Arts
Answers to Senate Estimates Questions on Notice
Supplementary Budget Estimates Hearings October 2009
Broadband, Communications and the Digital Economy Portfolio
NBN Co Limited

Question No: 49

Hansard Ref: ECA 62 & 63

Topic: NBN CO CEO CONTRACT AND APPOINTMENT

Senator Birmingham asked:

Can you confirm that Mr Quigley has entered into a fixed-term contract of some nature and was it approved by Cabinet rather than the Board? Are there any fixed performance indicators attached to the appointment?

Answer:

There is no fixed-term contract with Mr Quigley.

As provided in the NBN Co Limited constitution, the company's interim Board appointed Mr Quigley following consultation with the Government.

There are currently no fixed performance indicators. The Board of NBN Co will agree these with Mr Quigley in due course.

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Question No: 50

Hansard Ref: ECA 96

Topic: NBN STAFFING

Senator Fielding asked:

How many staff are there on board and where are they based?

Answer:

As at 31 October 2009 there were 46 staff working for the company, of which 39 are located in Sydney, 5 in Melbourne, 1 in Canberra and 1 overseas.

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Question No: 51

Hansard Ref: ECA 64

Topic: NBN CO STAFFING

Senator Minchin asked:

What is your current monthly employment bill? How much are you paying out monthly in salaries and contracts now for the 38 employees, or whatever it is?

Answer:

The total monthly payroll cost for the 46 staff at 31 October 2009 was \$1,500,000 GST exclusive.

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Question No: 52

Hansard Ref: ECA 64

Topic: NBN CO ACCOMMODATION

Senator Minchin asked:

What rentals are you paying currently per month?

Answer:

As at end October 2009, the monthly rental for office accommodation was \$72,492 in aggregate for Sydney and Melbourne offices, GST exclusive.

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Question No: 53

Hansard Ref: ECA 65

Topic: NBN CO CAPITAL

Senator Minchin asked:

Was the \$60 million approved by the finance minister only and what was the process that was followed?

Answer:

This question was answered at the hearing (ECA 65 refers).

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Question No: 54

Hansard Ref: ECA 70

Topic: NBN CO IMPLEMENTATION

Senator Minchin asked:

Can you provide a copy of the tender document and terms of reference for the implementation study?

Answer:

The services required from the Lead Adviser are described in Part 5 Statement of Requirement to the Request for the Expression of Interest (REOI) for the provision of Lead Advisory services for the NBN Implementation Study (which is attached). The REOI was published on AusTender on 24 April 2009.

Part 5 - Statement of Requirement

34. Services

34.1 The Services

The Department is seeking to appoint a high calibre recognised expert as Lead Adviser to provide high quality and timely advice throughout the National Broadband Network implementation study and to manage the production of an integrated implementation study report, that ensures that all issues are appropriately covered. It is expected that the implementation study will examine and provide advice on a wide range of commercial, financial, project management and governance and telecommunications issues relevant to the National Broadband Network.

The Lead Adviser will need to be comfortable working within a multi-disciplinary team comprised of a range of different entities, both private and public sectors and with a range of perspectives and expertise.

The Lead Adviser will be required to work closely with the National Broadband Network Implementation Division within the Department and have core members of the team readily available to the Department in Canberra, other specialist advisers to the implementation study, other Government departments, and a range of key stakeholders, as well as reporting to broader project governance bodies within Government. The Lead Adviser would work in conjunction with the Legal Adviser that will be appointed separately by the Department.

The Lead Adviser will be expected to have demonstrated expertise and wide range of experience in relation to investment in, financing of, project management of, and commercial and other aspects of large scale complex infrastructure projects, preferably with a multi billion dollar value, and preferably experience with telecommunications projects and preferably in Australian context.

The Lead Adviser will need to be comfortable working within a multi-disciplinary team comprised of a range of different entities, both private and public sectors and with a range of perspectives and expertise.

In this context, the Government considers possible Respondents may include, financial, commercial, project management, civil engineering and strategic consulting firms.

Given the complexity, high-profile, duration and tight timeframes involved in the work, the Department considers it is best undertaken by a team of appropriately qualified and experienced personnel. The Department considers it important for teams to have effective system of quality assurance, including peer review.

34.2 Specifically, the National Broadband Network implementation study Lead Adviser will be:

- a) Contracted to, within a specified timeframe, provide lead advisory services to the Department on all relevant issues arising throughout the National Broadband Network implementation study;
- b) Provide a fully integrated report of the implementation study in February 2010, with one or more interim reports to be available on specific aspects from August 2009;
- c) Contracted to provide sign-offs in a form acceptable to the Department;
- d) Required to work with other advisers to the Department.

34.3. The implementation study will be multi-disciplinary and will need to include analysis and recommendations encompassing:

- a) Advice as required in support of proposed legislation relating to the operation and governance of the network company, the regulatory regime, and ownership restrictions for retail telecommunications providers and other investors as required;
- b) Advice on the overall funding requirements for the network rollout (quantum and profile) beyond the \$4.7 billion initial funding injection;
- c) Development of strategies to maximise the scope for private sector investment in the network company, subject to appropriate ownership restrictions and appropriate terms and conditions for participation;
- d) Advice on the optimal capital structure for the network company over time;
- e) Development of detailed commercial/financial and engineering analysis of the network roll-out and the implications for the network company;
- f) Advice on how best to structure NBN Company arrangement from the outset so that the Government's long term objective of privatisation can be accommodated;
- g) Development of plans for the integration of the Tasmanian operation and backhaul network into the overall national broadband network;
- h) Network design consistent with the Government's objectives;
- i) Development of strategies to provide procurement opportunities for local businesses;

- j) Develop a detailed implementation plan for the roll-out of the National Broadband Network;
- k) Development of recommendations as to the appropriateness of any foreign ownership restrictions for the network company;
- l) Development of a risk management strategy for the national broadband roll-out; and
- m) Stakeholder consultation.

34.4 The list outlined in clause 36.3 is not exhaustive but indicative of the breadth of issues that will need to be considered in the National Broadband Network Implementation Study report.

34.5 The Lead Advisers will also be required to perform a range of general tasks, including but not limited to:

- a) Day-to-Day involvement in the drafting of the National Broadband Network Implementation Study report, in consultation with other specialist advisers appointed to the implementation study and the Department;
- b) Conduct of the EOI processes for potential specialist advisers (see below) and other related service providers, as appropriate, consistent with the Commonwealth Procurement Guidelines;
- c) Participate in meetings and working groups;
- d) Liaison with regulatory bodies and other advisers to the Australian Government;
- e) Providing reports and advices, as required;
- f) Preparing and making presentations to and interacting with industry, senior government officials and advisers, and other stakeholders, as required.

Subcontractor Management

34.6 The Lead Adviser will be required to engage further specialist advisers (as sub contractors to the Lead Adviser), such as technical, regulatory economics or other, in consultation with the Department to complement the Lead Adviser's own skills and experience to ensure all issues are appropriately covered in the final implementation study report.

34.7 The Department will be responsible for the appointment of a Legal Adviser to the implementation study.

34.8 The Lead Adviser will be required to undertake specific tasks in relation to subcontractors including arranging the request for proposals or tenders,

assessing proposals and obtaining the Department's approval and conducting all processes in accordance with the Commonwealth Procurement Guidelines.

Consideration of the National Broadband Network Implementation Study Report by Government

34.9 The Lead Adviser appointment will also include the provision of services to support Government consideration of the completed implementation study report.

34.10 The Lead Adviser will be required to assist the Department and the Government in considering the findings and recommendations from the implementation study report, respond to any queries on the Implementation Study report and assist decision makers on the approach to the National Broadband Network roll-out.

34.11 Service Levels

The Department will require services to be provided within timeframes specified by the Department or as otherwise agreed between the Department and the successful tenderer.