



12 March 2010

The Honourable Ian McDonald
Chairman
Senate Select Committee on the National Broadband Network
PO Box 6100
Parliament House
Canberra ACT 2600

Also sent via fax – 02 6277 5794
Pages - 22

Dear Senator McDonald

Submission - Senate Select Committee on the National Broadband Network

Introduction

Further to the advertisement in The Australian newspaper by the Department of the Senate dated 24 February 2010, which invited the public to make submissions to the Senate Select Committee on the National Broadband Network (NBN).

Please find below my submission to the Senate Select Committee on the National Broadband Network and a series of questions that I would appreciate the Senate Select Committee on the National Broadband Network responding to in due course.

The submission comprises the following:

1. Employment, Skills & Experience Summary

This outlines a summary of my historical employment and my skills and experience, which is relevant to the following concerns I have raised about the NBN and NBN Co Limited (NBNC Co).

2. NBN - My Concerns

I have outlined below what I consider to be serious issues of concern regarding NBN and NBN Co Limited (NBNC Co) and a number of questions that I would appreciate the Senate Select Committee on the National Broadband Network responding to in due course.

Employment, Skills & Experience Summary

1. Employment Summary:

Please find below a summary of my historical employment since I completed a Bachelor of Economic degree at Monash University.

Employer	Term	Roles & Experience
Grimwade Capital Pty Ltd (Corporate consulting)	Mar. 2003 – Present	Managing Director
Digital River Networks Pty Ltd (Start up licensed fibre optic telecom carrier)	May 2003 – May 2009	Finance Director A founding shareholder (ongoing)
The Willow Fashion Group Pty Ltd (Start up luxury fashion design and wholesaling company)	Aug. 2002 – Dec. 2004	Director & Chairman A founding shareholder (exited)
90East, Incorporated. (US) (Start up IT security services company)	July 2000 – Feb. 2003	Business Affairs Manager Company Secretary A founding shareholder (exited)
Australia Asia Group Pty Ltd (Start up property investment management and development, Promoter and Manager of ASX 200 listed Flinders Industrial Property Trust)	Mar. 1997 – July 2000	Finance Director A founding shareholder (exited)
JP Morgan Australia Limited JP Morgan & Co. (UK) (US Investment Bank)	Nov. 1992 – Mar. 1997 Oct. 1991 – Nov. 1992	Telecommunications Investment Banking
National Australia Limited	Aug. 1989 – Aug. 1991	Telecommunications Investment Banking
National Westminster Bank Plc	April 1988 – Aug. 1989	Banking

2. Skills & Experience Summary:

Please find below the skills and experience I have accumulated since I commenced my career.

This includes the following relevant experience:

a) Digital River Networks Pty Ltd

I was the Finance Director of a licensed fibre optic telecommunications carrier named Digital River Networks Pty Ltd (Telecommunications Carrier License No. 113) since it was established that has subsequently developed a fibre optic network in five State capitals and that is offering services to blue chip corporate customers.

I was a Member of the Board of Directors of this fibre optic telecommunications carrier since start up that was responsible for decision making in relation to all facets of the business from design and construction of the network, finance, corporate governance, contractual agreements with customers and suppliers, regulation, mergers and acquisitions etc

b) Investment Banking

During my Investment Banking career I participated in the following transactions:

- Arranging debt financing for large telecommunications companies, e.g. Telstra and Optus
- Financial analysis and valuation of telecommunications companies
- Mergers and acquisitions advice

c) Other

I also have a demonstrated track record in establishing, managing and growing a number of successful Start Up entities which were either listed on the ASX or sold to trade buyers.

My specific skills and experience can be summarised as follows:

- **Fibre Optic Telecommunications Carrier Management** - Digital River Networks Pty Ltd experience
- **Telecommunications Carrier Debt & Equity Financing** - Digital River Networks Pty Ltd and JP Morgan & Co. experience
- **Listed and Unlisted Property Investment Management** - Australia Asia Group Pty Ltd and Flinders Industrial Property Trust experience.

Undertaking a property development and installing a fibre optic network both involve "Design and Construction" and so this experience was very relevant to my subsequent role at Digital River Networks Pty Ltd. This is also why Australia's largest property construction company, ASX listed Leighton Holdings Limited (ASX code: LEI) owns a substantial telecommunications civil construction company named Visionstream, which specialises in installing fibre optic networks, and fibre optic network carriers NextGen Networks and Silk Telecom.

- **Public & Private Company Management & Board Membership** – Australia Asia Group Pty Ltd / ASX 200 listed Flinders Industrial Property Trust, Digital River Networks Pty Ltd, Willow Lingerie Pty Ltd and 90East Incorporated experience.
- **Debt Financing** – Finance Director of listed and unlisted entities, Investment Banking and Banking experience.
- **Australian and US Private Equity Investment** – Digital River Networks Pty Ltd, Willow Lingerie Pty Ltd, 90East Incorporated (Delaware, USA) and Australia Asia Group Pty Ltd experience.
- **Investment Banking (mergers and acquisitions, project finance, equity and debt funding)** – JP Morgan & Co., National Australia Limited, National Westminster Bank Plc experience.
- **Company Secretarial and Investor Relations** - Listed and unlisted entity Board and management and Investment Banking experience.

NBN – Issues Of Concern

I have outlined below some of the serious concerns that I have about NBN and NBNC0 and I have asked a number of questions which I would appreciate the Senate Select Committee on the National Broadband Network responding to in due course.

Based upon my Start Up company experience and the publicly available definitions of what constitutes a Start Up company, I believe that NBNC0 falls within these definitions such that it must be considered a Start Up company.

As summarised above, I consider that I have considerable experience in:

- a) Advising successful Start Up companies.
- b) Establishing successful Start Up companies.
- c) Arranging equity and debt finance for successful Start Up companies.
- d) Managing successful Start Up companies.
- e) Board membership of successful Start Up companies.

A Start Up company, which normally has limited access to capital to fund itself, faces many risks such that many of these companies fail in the first two years of operation because they have failed to manage:

- a) Rapid growth of the company
- b) Competitive pressures from other companies trying to force (i.e. price) the Start Up company out of the market.
- c) Changing market dynamics which can force the Board of a Start Up company to make immediate and material changes in its strategy, service offerings etc.

d) The company's cashflow and the arranging of external finance to ensure ongoing solvency.

To manage and minimize these risks a start up should recruit a senior management team that has a demonstrable track record in establishing and successfully growing a similar business, i.e. a senior management team with experience in establishing and growing a fibre optic telecommunications carrier.

NBNCo is different to most Start Up companies in that it appears to have access to a very large amount of tax payer funded capital (up to \$43 billion). Perhaps there is a belief that given the amount of initial capital being provided by tax payers that NBNCo has access to NBNCo can afford not to be concerned about these risks, which other Start Up companies must take very seriously. Given that it appears that the Government will have to borrow most of this money it would be imprudent for NBNCo to ignore these risks.

It appears from the press articles and NBNCo public statements that NBNCo has commenced commercial operations, i.e. the roll out of a fibre network in Tasmania.

It seems very clear to me from my experience and the academic and industry documentation that is widely and publicly available regarding establishing a Start Up company such as NBNCo that they should have done the following before commencing commercial operations.

1. Prepare a Business Plan

I would never agree to join the Management Team or Board of Directors of a Start Up company that has not prepared, or does not intend to prepare, a detailed and well thought out Business Plan before it commences commercial operations and starts spending its shareholders (or tax payers) money.

Start Up companies such as NBNCo must have a Business Plan that is approved by its Board of Directors before it can determine a range of factors, including:

- a) The target market(s) in which it will operate and offer its services and / or goods.
- b) The actual services and / or goods it will offer in that market and their pricing.
- c) The resources it requires, in terms of staffing, goods and services, to enable it operate in that market with a Start Up usually recruiting the most experienced staff from its larger direct competitors to give it the best possible opportunity to implement its Business Plan and succeed.
- d) The amount of equity and debt capital it requires to implement its Business Plan and how it will attempt to arrange these sources of funding.

A Start Up company's Business Plan ensures that it prudently plans its future business activities and therefore both minimises the risk of failure and maximises its chances of success once it commences commercial operations.

In relation to arranging equity and debt finance for a Start Up such a Business Plan:

- a) Is always required by potential experienced private equity investors.
- b) Can be a legal requirement pursuant to the Corporations Act in terms of the investor offer documentation that is provided by a company to private or public equity investors to arrange such finance.
- c) Is required by a debt provider (e.g. bank) to enable them to understand both the chances of success of a Start Up and the risks of failure (e.g. credit risks) that it faces before they will consider providing any form of debt facility.

I also note here the public statements by Senator Conroy and NBNC0 over time about the importance of attracting private equity investment and debt to assist NBNC0 to fund its future growth.

I have also been advised during my career that the preparation of a Business Plan by a company may be required by its Board of Directors pursuant to their Directors duties to the company as outlined in the Corporations Act. I presume that Directors of Australian registered companies that are owned by the Government (and ultimately the tax payers) owe the same duties to their shareholders as those Directors of privately owned or ASX listed companies.

It appears from recent press articles, including the attached article titled "Too Many Poor Calls: Conroy Should Go" by Peter Van Onselen in The Australian dated 17 February 2010, that NBNC0 does not have a Business Plan (or business case).

I was also amazed to read in the press that NBNC0 has commenced commercial operations before the Implementation Study had been completed by KPMG and McKinsey.

The fact that NBN's Implementation Study, which is a critical component of a Business Plan, had not yet been finalised before commercial operations commenced appears to confirm that a Business Plan has not been prepared. I refer you here to the attached press article titled "Show us the cost analysis" by Annabel Hepworth in The Australian Financial Review dated 15 February 2010.

It further appears from recent press articles, including the attached article titled "NBN uncoded: Treasury" by Marcus Priest in The Australian Financial Review dated 12 February 2010, that the Government and / or NBNC0 have not prepared a cost - benefit analyses of the NBN, which is also a critical component of a Business Plan.

If this is the case, and given the factors I have outlined above, I am amazed that NBNC0 has commenced commercial operations when it does not have a Business Plan.

As such, can the Senate Select Committee on the National Broadband Network please either confirm to me whether NBNC0 has a Business Plan and when it was approved by NBNC0's Board of Directors and if not can they please explain to me why NBNC0 does not have a Business Plan?

2. Prepare a Budget

As part of the process of developing a Business Plan a Start Up company such as NBNC0 must develop a Budget to enable it to determine:

- a) What it will cost to provide its services and / or goods in its target market(s), the gross margin it expects to earn on the sale of each services and / or goods and the sales volumes it expects to sell.
- b) What its overheads will cost, which are funded by the Gross Profit from the sale of its services and/or goods in a) above and / or via equity and /or debt capital it has arranged.
- c) The amount of equity and debt financing that it requires to implement its Business Plan.

I have also been advised overtime that the preparation of a Budget may be required by a Director pursuant to their Directors duties to the company as outlined in the Corporations Act. I presume that Directors of Australian registered companies that are owned by the Government (and ultimately the tax payers) owe the same duties to their shareholders as those Directors of privately owned or ASX listed companies.

It appears from recent press articles, including those referred to above, that the Government and / or NBNC0 has not prepared a Budget for the NBN given that:

- The Implementation Study is not yet complete, which would form a critical component of any Budget; and
- A cost-benefit analyses of NBN has not been undertake, which would also form a critical component of any Budget.

If this is the case, and given the factors I have outlined above, I am amazed that NBNC0 has commenced commercial operations when it does not have a Budget.

As such, can the Senate Select Committee on the National Broadband Network please either confirm to me whether NBNC0 has a Budget and when it was approved by NBNC0's Board of Directors and if not can they please explain to me why NBNC0 does not have a Budget?

3. Undertake Prudent and Effective Employment Practices

i) NBNC0's Staffing & Board Experience Requirements

As referred to above a Start Up company such as NBNC0 should recruit an initial management team that comprises staff with extensive experience in the market that the Start Up will be offering its services and / or goods. This is critical to both reducing a Start Up company's risk of failure and maximising its chances of commercial success.

From what I have read in the press it appears that NBNC Co states that their immediate focus was recruiting an experienced senior management team that would have been responsible for the following immediate activities:

- a) Design and construction of the network
- b) Negotiation of the potential acquisition of other fibre optic carriers
- c) Arranging of private and public sector funding

It also appears from press articles that NBNC Co has repeatedly stated they are under significant time pressure to do the above.

It also appears from recent press articles and NBNC Co's announcements regarding the experience of their senior management team that they do not include staff with experience:

- a) Establishing a Start Up company and managing its expansion and growth.
- b) As a member of the senior management team of a fibre optic telecommunications carrier.
- c) In the design and construction of a fibre optic network or similar infrastructure (e.g. toll roads).
- d) Arranging debt and equity finance for a telecommunications carrier

As such, why is a Government Relations person (Mike Kaiser), who according to press articles is being paid a salary of \$450,000 per annum, such a critical and urgent employment position for NBNC Co to fill and why did NBNC Co have to circumvent their stated recruitment policies and procedures in recruiting this person?

Can the Senate Select Committee on the National Broadband Network please advise me whether any member of NBN Co.'s senior management team as at November 2009 had experience:

- a) Establishing a Start Up company and managing its expansion and growth.
- b) As a member of the senior management team of a fibre optic telecommunications carrier.
- c) In the design and construction of a fibre optic network or similar infrastructure (e.g. toll roads).
- d) Arranging debt and equity finance for a telecommunications carrier

It appears from the press that the Department of Broadband Communications and the Digital Economy (DBCDE) and / or NBNC Co engaged experienced employment recruitment firms Egon Zehnder and Korn Ferry to recruit NBNC Co's Board and senior management team and Board of Directors.

It would be very interesting to read the mandate instructions given to Egon Zehnder and Korn Ferry, and / or the engagement agreement entered into with these firms, by DBCDE and / or NBNC_o to see whether these firms were instructed to identify potential Board members and senior management staff that had the following experience:

- a) Establishing a Start Up company and managing its expansion and growth.
- b) As a member of the senior management team of a fibre optic telecommunications carrier.
- c) In the design and construction of a fibre optic network or similar infrastructure (e.g. toll roads).
- d) Arranging debt and equity finance for a telecommunications carrier.

Can the Senate Select Committee on the National Broadband Network please explain to me whether the mandate instructions given to Egon Zehnder and Korn Ferry, and / or the engagement agreement entered into with these firms, by DBCDE and / or NBNC_o gave these firms instructions to identify potential Board members and senior management staff that had the following experience:

- a) Establishing a Start Up company and managing its expansion and growth.
- b) As a member of the senior management team of a fibre optic telecommunications carrier.
- c) In the design and construction of a fibre optic network or similar infrastructure (e.g. toll roads).
- d) Arranging debt and equity finance for a telecommunications carrier.

ii) NBNC_o's Recruitment Practices

Given what I have read in recent press articles regarding NBNC_o's appointment of Mike Kaiser and the attached correspondence between myself and NBNC_o, I believe that NBNC_o has not adhered to its stated employment practices nor adequately publicly disclosed this issue.

In relation to the above I make the following comments:

- a) Why is a Government Relations person (Mike Kaiser), who according to the press articles is being paid \$450,000 per annum, such a critical and urgent employment position to fill and why did NBNC_o have to circumvent their stated recruitment policies and procedures to do so?

b) It appears from the press that Mike Quigley stated to a recent Senate hearing that 40% of NBN's staff had been recruited as a result of referrals from existing NBN staff. Why did NBNC Co have to circumvent their stated recruitment policies and procedures to recruit these staff and do any of these people have experience in establishing and growing a fibre optic carrier?

d) It appears from the press that NBNC Co's Kevin Brown has stated that NBNC Co hires on merit and not mates. What does Kevin Brown define as "merit"? Does Kevin's definition of "merit" include the obvious requirement to recruit staff with experience in establishing and growing a fibre optic network

Can the Senate Select Committee on the National Broadband Network please provide me with an answer to these questions in due course.

iii) My Approach To NBNC Co

The attached letter dated 16 November 2009 that I sent NBNC Co's Managing Director Mike Quigley does not apply for any particular job but rather invites Quigley to meet with me to discuss any future employment or consulting roles that I may be able to perform given my unique and very relevant skills and experience. I had no expectation of being immediately offered a job, nor do I need a job, but it is obvious my skills and experience were relevant to a range of roles within NBNC Co and its planned activities not just finance.

The only expectation I had was that Mr Quigley would want to meet with me to at least discuss my experience in establishing and growing a fibre optic carrier, current opportunities in the fibre optic market, my views on private and public finance options and merger and acquisition opportunities and whether NBNC Co might benefit from my skills and experience in the future, i.e. they would get free advice rather than paying me as an experienced consultant and they would no doubt learn a lot from their discussion with me and so such a discussion would be far more beneficial to them than to me!

Unless NBNC Co can demonstrate they had recruited staff at that time with the same experience as myself then why would they not at least meet to discuss these issues with me. Perhaps Mike Quigley was concerned I would have a different view to his regarding the required experience and qualifications of his senior management team and NBNC Co's strategy for deploying their fibre optic network.

As outlined in the attached email correspondence between myself and NBNC Co's Trevor Hoggan the NBNC Co web site I was invited to register my resume on did not function properly. A fibre optic carrier such as NBN should at the very least be capable of setting up a basic web site.

4. Conflicts Of Interest

A reasonable person may form the view that the following NBNC Co staff had apparent conflicts of interest based on previous employment roles that would have precluded them from being considered for their positions with NBNC Co:

a) Mike Kaiser, who according to the press articles had previously lobbied NBNC0 on behalf of the Queensland Labor Government for NBNC0 to locate its headquarters in Brisbane.

b) Gary McLaren, who according to the press articles had previously lobbied NBNC0 on behalf of the Communications Alliance for them to play a role in NBN.

Can the Senate Select Committee on the National Broadband Network please confirm whether it believes these, and any other NBNC0 staff, had conflicts of interest that should have precluded them from being considered for their positions with NBNC0.

I look forward to receiving a response in due course to the questions I have asked as outlined above and to learning more about NBNC0 and the NBN from the Senate Select Committee on the National Broadband Network.

I am planning to be overseas from 4 – 25 April 2010 and from 28 April - 20 May 2010. Should you wish to contact me during these periods you can do so by sending me an email at :

Yours faithfully

Michael "Blake" Roet

Attached Documents:**Press Articles**

1. "Too Many Poor Calls: Conroy Should Go" by Peter Van Onselen in The Australian dated 17 February 2010
2. "Show us the cost analysis" by Annabel Hepworth in The Australian Financial Review dated 15 February 2010
3. "NBN uncoded: Treasury" by Marcus Priest in The Australian Financial Review dated 12 February 2010

Correspondence & Related Documents

4. NBNC's web site confirmation dated 20 November 2009 that my Resume was registered with NBNC
5. Email from NBNC to myself dated 20 November 2009 confirming I have successfully registered my candidate profile (and Resume) with NBNC.
6. Emails between myself and Trevor Hoggan dated 19 and 20 November 2009.
7. My letter to Mike Quigley dated 16 November 2009 (I have not attached my Resume as I consider this to be a sensitive confidential document, but I am happy to disclose this to you and the Senate Committee should I receive a written assurance that it will not be disclosed outside of the Senate Committee and to the public).

TOO MANY POOR CALLS: CONROY SHOULD GO

The list of instances of maladministration is long and he is unfit to be a minister

PETER VAN ONSELEN
CONTRIBUTING EDITOR

And
17-2-10



moving the Communications Minister would create, and Conroy is one of the factional chiefs in the all-powerful national Right of the Labor Party. That makes him a protected species.

Consider for a moment the list of examples of maladministration and inappropriate decision-making Conroy has been involved in.

The \$43 billion national broadband network was put out to tender at a cost to taxpayers of \$30 million. The government wasn't satisfied with any of the bids (to surprise to anyone who knows anything about the scale of what was being asked of the bidders) so it has committed to build the network itself, after which it will seek private-sector interest in investing in the scheme.

No business case for the rollout has been presented, no modelling of the expected usage of the system has been undertaken. Even if you take the view that it is the job of government to get involved in such enterprises, the way in which Conroy went about convincing the Prime Minister to support such an expensive public policy decision (they agreed to do so in

conversation on a VIP flight) is anything but rigorous. Conroy needed a political face-saver after Telstra was knocked out of the bidding process for a non-compliant bid.

The original pre-election promise was to roll out fibre-to-the-node. But subsequently they decided to go all the way to 90 per cent of people's homes at a significant extra cost.

Conroy has no idea what the take-up by potential consumers of that expensive new rollout will be. He therefore has no idea what private-sector interest there will be in purchasing into the network. He therefore can't know what the ultimate bill to the taxpayer will end up being. It will probably be in the billions of dollars.

An implementation study is being conducted by consultancy firms McKinsey and KPMG, the results of which are expected to be released in the first half of this year. Surely it would have made more sense to have an implementation study before deciding to implement the policy.

The last thing the government needs in an election year is NBN Co to be hostile towards it, in par-

especially happy with the decision — it effectively means the taxpayer funded its unsuccessful C7 litigation.

Right at a time when the government is cutting rebates to obstetric fees, means-testing, private health rebates as well as the baby bonus, and reducing the amount of money ageing Australians can tax-effectively invest in their super funds, all under the guise of the need to rein in government spending, Conroy has given wealthy television moguls a financial windfall.

Conroy's taxpayer-funded \$250m handout (which is effectively what it amounts to) has led some analysts to suggest in an election year the government is looking to buy some good publicity from what remains the media sector with the greatest viewer penetration.

That's going a step too far. But the move certainly amounts to poor public policy with the unproven of Conroy looking after vested interests.

The decision has left the radio and pay-television industries wondering what the minister will do for them. If the answer is nothing, he is inconsistent. If he does something, that will be at even more cost to the taxpayer.

The worst part about Conroy's decision (apart from going along with Kerry Stokes in the US shortly before making the fee out) is that he got nothing out of the reduced licence fees for viewers. His office has suggested increased local content was the carrot, but he has not used a stick to ensure that actually happens. Nowhere written into the decision to waive \$250m in fees is a requirement that the networks boost local content.

Conroy has presided over an expensive and unplanned decision to roll out broadband he can't be sure will be utilised by the public. He has suggested to the head of the company charged with doing so it should hire a Labor spin doctor, which it did without a competitive selection process. And he has cost the taxpayer \$250m by waiving licence fees for free-to-air TV networks in an election year.

One big conspiracy? Probably not (I am not sure Conroy is capable of that).

Multiple failures worthy of a minister's head? You bet.

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AFR 15-2-10

Show us the cost analysis

Annabel Hepworth

The May budget should outline policies to expand private-sector involvement in infrastructure, including by using public-private partnership models to kick start delayed projects, according to the Business Council of Australia.

Its budget submission also warns that unless the government quickly releases the implementation study for the \$43 billion national broadband network, the project could face further problems.

"Failure to do so may make it more difficult to ascertain the productivity benefits from the NBN and may make it harder to obtain an appropriate level of private-sector involvement in the project," the submission states.

Given the re-emergence of capacity constraints in the economy, cost-benefit analysis is important to prioritising spending, the BCA argues.

"It would help to determine whether the considerable resources required to deliver the project over the next decade might be better deployed in meeting our other economic infrastructure needs — such as roads, rail, ports and mobile communications networks — to drive productivity and growth."

The government is under pressure to get value for money from its spending. It remains committed to a fiscal strategy of capping real spending growth at 2 per cent a year when the economy returns to above-trend growth.

The Building Australia Fund, from which government infrastructure funding is drawn, is mostly spent.

BCA president Graham Bradley said last week any non-productive spending should be reconsidered.

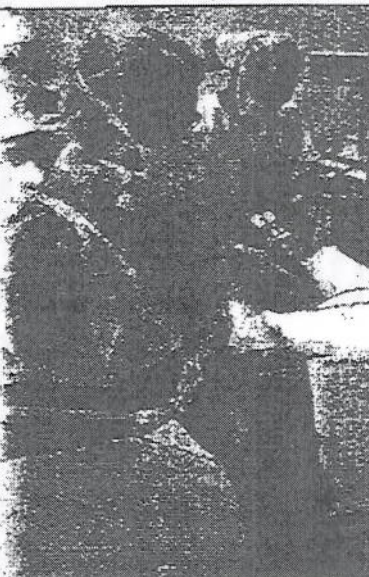
The submission highlights concerns that despite promises to submit infrastructure spending to transparent and rigorous cost-benefit analysis, there was "some way to go" in delivering this.

Challenging

The BCA says government spending growth should be capped at 2% and cuts should come from these programs

Top ten commonwealth programs by expense 2009-10 (\$bn)

Revenue assistance to states	41.8
Seniors' income support	29.3
Family Tax Benefit	17.4
Medicare services	15.0
Disability Support Pension	11.6
National Healthcare SPP	11.2
Unemployment benefits	8.9
Government schools payment to states	8.6
Pharmaceutical benefits	8.4
Higher Education Support	6.6



SOURCE: BUSINESS COUNCIL OF AUSTRALIA

notice to begin delivering on its pledge to limit its spending growth to 2 per cent whether or not the economy was growing at above-trend pace — about 3.25 per cent.

"Without this commitment [to fiscal discipline], expansionary fiscal settings can raise long-term real interest rates and thus offset the effects of the stimulus on [gross domestic product] over time," the submission said. "The BCA has high expectations that the 2010-11 budget will mark the beginning of a return to a strong surplus based on the government's public commitment to fiscal responsibility."

In the short term, the government's savings task will be assisted by the withdrawal of the stimulus, with Treasury estimating the wind-down in infrastructure expenditure will see real spending contract 1.3 per cent next financial year.

But the BCA wants the government to limit real spending growth in subsequent years. "Should the economy fail to achieve above-trend rates of growth in the coming years, the BCA remains of the view that the 2 per cent spending cap is an

appropriate starting point for policy," it said. "Past experience demonstrates that a 2 per cent expenditure target is difficult but doable."

The BCA also warned that in order to meet the spending target, the government will need to clamp down on expenditure in some of its biggest programs, including welfare payments, family tax benefits, pharmaceutical subsidies and pensions for seniors and the disabled, suggesting tighter means-testing and eligibility requirements.

"Succeeding with the 2 per cent growth challenge will not be possible unless controls are imposed on the big drivers of spending," the submission said. "Means-testing is fundamental to reduce the cost of the major social benefits programs and is essential to assisting with [the] fairness and integrity of the overall tax and transfer systems."

He added that spending restraint must be achieved without hampering ongoing reform of the taxation, regulation, infrastructure, health, education and skills systems.

Editorial, page 62

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5 percentage points and 1,000 fewer jobs.

CA said an early exit from the government a head-task of bringing the budget to surplus.

estimates already build in a contraction in real expenditure, reflecting the declining stimulus spending," the BCA said. "Nevertheless, the pick-up in growth offers an opportunity for the government to bring the budget back to surplus."

It is of the unexpectedly strong economic performance in the first half of the year, there is evidence that government finances are in a better position than had been feared.

In September, Treasury forecast a 0.9 per cent deficit for 2009-10, but by the end of December, the Department of Finance said it was \$7 billion in surplus. Economists said that the government's revenues and lower expenditure meant the deficit for the year could be up to half that expected.

The BCA warned that the government faced a substantial deficit and that it would bring the budget back to surplus.

ident Graham Bradley said that the government had much spare capacity in the public sector and that the task was urgent.

period of considerable policy stimulus, the government faces a difficult choice between returning the budget to surplus and a future growth," he said.

"The decisions in the budget will influence the emerging recovery and long-term sustainability of the government's fiscal position and prosperity."

He said the short-term measures had to be consistent with long-term fiscal discipline and that the government should



Australian Government
Department of Climate Change

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FOR THE AUSTRALIAN
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CARBON POLLUTION
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Positive psychology is one of the most exciting areas of personal and professional development in the corporate world.

3.

NBN uncosted: Treasury

Treasury executive director, policy coordination and governance Richard Murphy has publicly confirmed that his department was never asked to undertake a cost-benefit analysis of the Rudd government's proposed national broadband network despite it being the "first test principle" for spending on such a network.

Marcus Priest

APR
12-2-10

4.

Design, build & operate the
National Broadband Network



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[Faint, illegible text, possibly a watermark or bleed-through]

5.

Blake Roet

From: <iobs@nbnco.net.au>
To:
Sent: Friday, 20 November 2009 11:28 AM
Subject: Registration Successful

Congratulations! You have now successfully registered your candidate profile with NBN Co I

The following is your login details to our Candidate Area:

Username: nbnco

Password:

To manage your e-mail alerts please [click here](#).



NBNCo
Limited

-antivirus/

6.

Blake Roet

From: "Trevor Hoggan" <T...>
To: "Blake Roet" <r...>
Sent: Friday, 20 November 2009 11:28 AM
Subject: RE: NBN Co - Employment & Consulting Opportunities

Hi Blake,

Yes we had some issues on Monday / Tuesday with the site but it should be good now. Currently we don't have www.jobs.nbnco.com.au mapped only jobs.nbnco.com.au, but as you mention, the link from our interim home page also works!

Trevor



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From: Blake Roet [mailto:...]
Sent: Friday, 20 November 2009 11:25 AM
To: Trevor Hoggan
Subject: Re: NBN Co - Employment & Consulting Opportunities

Thanks Trevor

I have used www.jobs.nbnco.com.au and I can not access the site.

After seeing the advertisement in The Age newspaper on 14 November for the network positions I also rang to speak to Suzanne Gerrard or Barry Lyons and the woman I did speak to told me they had experienced problems with the site and that it had been down.

I can access the registration page via the www.nbnco.com.au web site.

Regards

Blake Roet

----- Original Message -----
From: Trevor Hoggan

20/11/2009

To: Blake Roet
Sent: Friday, November 20, 2009 11:13 AM
Subject: RE: NBN Co - Employment & Consulting Opportunities

Did you leave out the "www" - as I just tried and it was OK?



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From: Blake Roet [mailto:blake.roet@nbnco.com.au]
Sent: Friday, 20 November 2009 10:50 AM
To: Trevor Hoggan
Subject: Re: NBN Co - Employment & Consulting Opportunities

Hi Trevor

Thanks for your email below.

I have since tried on a number of occasions to access the jobs.nbnco.com.au web site, but it has continually been down.

Regards

Blake Roet

----- Original Message -----

From: Trevor Hoggan
To: Blake Roet
Sent: Thursday, November 19, 2009 5:47 PM
Subject: NBN Co - Employment & Consulting Opportunities

Hi Blake,

With reference to your letter to Michael Quigley, thank you for your interest in working at NBN Co.

We are in the early stages of building the team that will deliver this significant investment in Australia's infrastructure and, as you can imagine, we are receiving lots of similar approaches.

In order to give everyone a fair and equitable opportunity we request that you register your details at jobs.nbnco.com.au.

Replying to this email will NOT provide you with any greater opportunity to find a job at NBN Co.

Registering will allow you to create your own candidate profile, securely store your private information, resume, job search criteria and more.

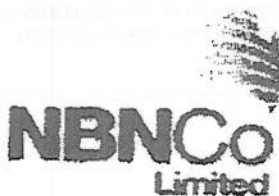
When you have successfully registered with us we will be able to search your resume against our job requirements. You can also set up an email alert that will notify you when a job is posted that matches your specific criteria.

Our initial roles will be focused on designing the network, with positions in construction and network operations following thereafter.

Thanks again for your interest in being part of this exciting project.

Regards,

Trevor Hoggan
GM Workforce Planning & Sourcing



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7.

16 November 2009

Mr Michael Quigley
Chief Executive Officer and Acting Chairman
NBN Co Limited
57 Raglan Street
Mosman NSW 2088

Dear Mr Quigley

NBN Co - Employment & Consulting Opportunities

I was the Finance Director and a member of the Board of Directors of dark fibre optic telecommunications carrier Digital River Networks Pty Ltd (www.digitalriver.com.au) until early this year. Digital River Networks is currently expanding an existing fibre optic network located in Melbourne, Sydney, Brisbane, Perth and Adelaide. I was a founding shareholder of Digital River Networks and remain a minority shareholder in the company, although this may change in the near future.

I have therefore followed with interest the establishment of NBN Co and recent developments that have been reported in the press. Given this interest, and my experience in establishing and building a fibre optic carrier, I would appreciate the opportunity to discuss with NBN Co any employment or consulting opportunities that may emerge with the company in the future that would suit someone with my skills and experience. As such, I have attached a copy of my resume.

I am based in Melbourne, but as a member of the Small Business Forum of the Australian Bankers Association (ABA) I will be in Sydney for the day on 23 November 2009 for a quarterly meeting at the ABA from 12.30 - 3.30pm.

If you consider it appropriate at this time I would welcome the opportunity to come to NBN Co's office on 23 November to discuss NBN Co's future recruiting plans and whether any roles are planned that would suit someone with my skills and experience.

Should this be of interest to you please do not hesitate to contact me either via email or my mobile phone ()

Yours faithfully

Blake Roet