

Senate Standing Committee on Environment and Communications
Answers to Senate Estimates Questions on Notice
Additional Estimates Hearings February 2014
Communications Portfolio
NBN Co Limited

Question No: 110

Program No. NBN Co

Hansard Ref: In Writing

Topic: Consultancies

Senator Ludwig asked:

1. How many consultancies have been undertaken from Supplementary Budget Estimates in November 2013 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.
2. 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.
3. Have any consultancies not gone out for tender? If so, which ones and why?

Answer:

1. The total number of new consultancies¹ entered into from 1 November 2013 to 28 February 2014 was 36. This is illustrated below:

By Value of Contract		Engagements
Over \$1 Million		2
\$100,000 - \$1Million		13
Less than \$100,000		21
Total Engagements		36

¹ This refers to external consulting and project consulting only. This excludes outsourced operations expenditure.

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Nature of Consultancy	Expected Value (\$)
Strategy and Transformation	2,754,055
Engineering and Technical	2,574,740
IT Support	473,280
Statutory Compliance	318,980
Finance	294,998
Other	221,100
Total	6,637,153

Most, if not all contracts in place between NBN Co and its consultants contain confidentiality requirements. Disclosure of information such as individual sums paid and other confidential details may therefore result in a breach of these obligations. This may cause harm to NBN Co's commercial relationships and negatively impact upon the company's ability to function as a commercial entity.

2. NBN Co always seeks to minimise its annual consultancy spend. Internal company policies require approval by a member of the executive committee before a consultancy can be entered into. NBN Co's current forecast spend on consultancies is \$36.3 million for the remainder of FY 2014². As a Government Business Enterprise, NBN Co is not required to produce or publish an Annual Procurement Plan on the AusTender website.
3. Of the 36 consultancies, one was not subject to a formal tender process. The consultancy was provided by National ICT Australia (NICTA) Limited. NICTA is an Australian Government funded ICT centre of excellence who perform research for the Australian ICT industry. They were chosen due to their reputation for industry best practice and as they offer a unique set of services, this procurement process is consistent with NBN Co's buying guide and the process allowed under the Special Access Undertaking.

² Forecasted consulting expenditure between 1 March 2014 and 30 June 2014 has been disclosed in order to align with the NBN Co financial year. Consultancy forecasts are currently not available for the 2015 financial year.