

Senate Committee
Select Committee on Job Security
ANSWERS TO WRITTEN QUESTIONS ON NOTICE
NBN Co Limited

IQ21-000089

Division/Agency: NBN Co Limited
Topic: NBN Co - Contract Governance Process
Proof Hansard Page: 28 (29 September 2021)

Senator Ben Small asked:

Senator SMALL: I'm conscious of time. With respect, having them fill out a declaration is not assurance, as I would understand the term. Can you give me some more colour on how you proactively assure that those compliance obligations are in fact being met in accordance with the declaration, or is that the extent of the governance over these arrangements?

Ms Dyer: As I said before, we have a quality framework in place as well, where we are observing and investigating under audit conditions whether the work has been performed in accordance with those obligations, as part of our payment assurance process. But we are expecting our delivery partners to comply with the law. We are asking them to make a declaration that they're paying people fairly and that they're paying people on time. We are checking the completion of their work, and we do have a comprehensive governance framework in place. That's how we manage our relationship with them.

Senator SMALL: Perhaps this is one that you might need to take on notice: could you provide the committee with some empirical insights as to the number of checks that have been made and whether your delivery partners are tracking at 100 per cent compliance, 99 per cent compliance or 80 per cent compliance? I go back to the point that, wherever you get a declaration, that is one thing, but to actually reach into an organisation with an auditor and have them substantiate the claim is what I would consider to be prudent governance over your contracts. That is assurance that you know beyond any reasonable doubt that those expectations are actually being fulfilled in accordance with what the contractor's telling you.

Ms Dyer: I'm more than happy to take that on notice and come back with more details for you, but what I will say is that we do audit our delivery partners. We have a strong governance program in place. We don't go and then audit the delivery partners' prime contractor to a subcontractor, but we do have that audit and governance program in place. We are expecting that delivery partner to comply with the law.

Senator SMALL: Absolutely, but any robust delivery partner that you're working with will have a contracts governance process which, of itself, should cover those sorts of arrangements. If any sort of robust audit is performed, surely your auditors are requiring delivery partners to demonstrate to you how they are upholding those obligations so that you don't even need to reach all the way down the value chain, because you're satisfied, on the evidence presented to you, that those obligations are being met in the lived experience.

Ms Dyer: Yes, I would agree with that. I would say that part of our governance process and our audit process is that we audit and investigate the arrangements of the contracts that have with delivery partners. So by definition, for example, you're operating in an environment that absolutely has a focus on health and safety. That is an area of audit for us, so we check that, and that is part of our governance framework. I'm more than happy to take that on notice and come back with more details for you.

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Answer:

NBN Co's Audit processes cannot be distilled to a "% compliant" metric. As referenced in Budget Estimates 2021-2 Environment and Communications Committee Question on Notice 292, NBN Co Audits are not conducted in the fashion assumed by the question, rather a governance structure of weekly, fortnightly, monthly and yearly touchpoints is in place to examine compliance and system improvements. Should an issue be identified, a remediation plan with the DP is agreed and actioned.

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ANSWERS TO WRITTEN QUESTIONS ON NOTICE
NBN Co Limited

IQ21-000090

Division/Agency: NBN Co Limited
Topic: NBN Co - Prime Contract Termination
Proof Hansard Page: 30-31 (14 September 2021)

Senator Tony Sheldon asked:

CHAIR: Are you notified of the reason why that prime contractor would be terminated? I would expect it's a fairly strong action by a delivery partner, isn't it?

Ms Dyer: On that specific example, I would need to check. Certainly, in my engagement with the delivery partners, I'm not aware of that, but at the operational level I expect that there would be those conversations. But I would need to check that.

Answer:

NBN Co's contracts do not expressly require Delivery Partners to proactively notify NBN Co of instances of termination of a sub-contractor, nor for the reason(s) the Delivery Partner took such action.

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ANSWERS TO WRITTEN QUESTIONS ON NOTICE
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IQ21-000091

Division/Agency: NBN Co
Topic: NBN Co - KPMG Audit
Proof Hansard Page: 31 (14 September 2021)

Senator Tony Sheldon asked:

CHAIR: Mr Rue, were you committed to making public the KPMG audit that has been done into the subbies

and the arrangements that have been made with subcontractors?

Mr Rue: We're still working through the document. We just need to see what is in the final document and

what the commercial evidence is. So, again, let me take that on notice.

Answer:

NBN Co has not made any commitments in this regard.