

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Budget Estimates Hearings May 2014**

**Communications Portfolio**

**Department of Communications**

**Question No: 532**

**Program No. 1.1**

**Hansard Ref: Page 74 (29/5/2014)**

**Topic: Equity funding**

**Senator Seselja asked:**

**Senator SESELJA:** Is it correct KPMG was paid more than \$5 million for several engagements?

**Mr Clarke:** KPMG were the principal adviser for reviewing corporate plans. My colleagues can confirm the total. I am advised that KPMG were also assisting the department with the implementation study, so it may be associated with the larger McKinsey contract. I do recall that they were retained to advise on the corporate plan. I would have to take on notice the sum total.

**Senator SESELJA:** Great. So maybe they are the total payments to KPMG in the portfolio between 2007 and 2013 on notice. Also on notice, would it be possible to get a portfolio wide total, including NBN Co, for all external consulting, outsourced services, management consultants, lawyers, technical consultants, IT consultants, market research consultants and the like for all NBN related activities under the former government?

**Senator CONROY:** Could I add to that?

**CHAIR:** No. You cannot do that.

**Senator CONROY:** I can add a question.

**Senator SESELJA:** I think I have the call. I think you have to wait to get the call.

**Senator CONROY:** Could you indicate—

**CHAIR:** Senator Conroy! Mr Clarke, disregard the comment from Senator Conroy. You have a question from Senator Seselja. Please address that question.

**Senator CONROY:** He is taking it on notice.

**Senator SESELJA:** Well, he has not yet taken it on notice so we will confirm that Mr Clarke is taking it on notice.

**Mr Clarke:** I will take it on notice. To confirm, your request is portfolio wide—ADC, SBS, Australia Post.

**Senator SESELJA:** But it is about NBN related activities under the former government.

**Mr Clarke:** The scope is NBN related. Thank you.

**Senator CONROY:** And could you indicate if the former minister had any personal relationship with any of those consultants? I can tell you the answer is no. But I can let you look it up first. You can check my LinkedIn.

**Senator SESELJA:** I know, Mr Clarke, you are going to come back with the detail on all that so I will not ask you for it. Would it be in the vicinity of \$1 billion? Would it be in the ballpark, or would it be more or less than that, do you think?

**Mr Clarke:** Well, I think we earlier established that the grand total, if I can call it that, within the company itself was of the order of a half billion in that period. Whether the additional ones outside the company itself made up another half billion, I am not sure. I am really not sure.

**Senator SESELJA:** Well, we will find out. Thank you very much for that. I appreciate that, Mr Clarke.

# Senate Standing Committee on Environment and Communications

## Answers to Senate Estimates Questions on Notice

### Budget Estimates Hearings May 2014

#### Communications Portfolio

#### Department of Communications

#### Answer:

#### (1) KPMG consultancy payments 2007-2013

The Department engaged KPMG to provide commercial and financial advice in relation to a number of matters relating to the National Broadband Network (NBN) between January 2008 and September 2013. A total of **\$4,781,047** GST exclusive was expensed for this work.

KPMG Payments included:

NBN RFP process – commercial & financial adviser	\$2,846,262
NBN Tasmania Implementation	\$273,074
Regional Backbone Blackspots Program (RBBP)	\$516,634
Review NBN Co's 2012-15 Corporate Plan	\$508,002
Review NBN Co's 2013-16 Corporate Plan	\$494,020
Analysis of large scale migration projects	\$143,055
<b>Total</b>	<b>\$4,781,047</b>

In addition, expenses of **\$22,799,700** GST exclusive arose for work undertaken by McKinsey Pacific Rim Inc/KPMG as Lead Advisers for the NBN Implementation Study.

#### (2) Department of Communications – NBN related consultancy expenditure 2007-2013

In regard to a portfolio wide total for all NBN related external consulting, the Department has collated all identified expenditure above \$10,000<sup>1</sup> for the period between December 2007 and September 2013.

It is estimated that approximately **\$107,021,670** GST exclusive was expensed on external consulting, including legal and negotiation support costs, market research and advertising.

Based on NBN Co's Annual Report data from 1 July 2009 to 30 June 2013, approximately **\$566,000,000** GST exclusive was spent on external services costs including legal and negotiation support costs and IT and communications expenses.

A portfolio wide total is approximately **\$673,021,670** GST exclusive.

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<sup>1</sup> While AusTender contains details of contracts valued at \$10,000 or more, it is considered to be an unreasonable diversion of resources for the Department to provide details of consultancies valued at less than \$10,000.