

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates Hearings November 2014

Communications Portfolio

NBN Co Limited

Question No: 160

Program No. NBN Co

Hansard Ref: In Writing

Topic: Consultancies

Senator Ludwig asked:

Since Budget Estimates in June, 2014:

1. How many consultancies have been undertaken? 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?
 - a) List each, including name, cost and purpose
 - b) If so, why?

Answer:

1. The value of consultancies undertaken from 1 July 2014 to 31 December 2014 was \$19.3 million. 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. Further, where contracts would not prohibit the disclosure, in order to identify the contracts able to be disclosed, the name of the consultant, the subject matter of the consultancy, the duration and cost of the arrangement and the method of procurement would be an unreasonable diversion of resources.
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. Consultancy is defined as professional and strategic advice provided by an external company. NBN Co's current forecasted spend on consultancies is \$33.2 million for the remainder of FY 2015¹. As a Government Business Enterprise, NBN Co is not required to produce or publish an Annual Procurement Plan on the AusTender website.
3. Not all consultancies will go out to tender. NBN Co has negotiated specific terms and conditions with Tier 1 consultancy firms.
NBN Co's procurement process is guided by the NBN Co Procurement Buying Guide. Clause 1.1 Purchasing Policies Procedures details the requirements for engaging a supplier for buying goods and/or services.

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

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1 Buying Guide

1.1 Purchasing Policies & Procedures

How to engage a supplier to buy goods and/or services

Value	Agreed Supplier with an Existing Contract	Non-Agreed Supplier without a Contract
Less than \$10,000	Define business requirements and if applicable create a statement of work [#] , obtain one quote and raise a Purchase Order (note: if the goods and/or services are listed on a pricing schedule, rate card or BPA* then this will act as the quote)	Define business requirements and if applicable create a statement of work [#] , obtain two quotes, select the supplier and raise a Purchase Order (note: Standard PO terms & conditions are sent to the supplier with the PO)
Between \$10,000 - \$100,00	Define business requirements and if applicable create a statement of work [#] , obtain one quote and raise a Purchase Order (note: if the goods and/or services are listed on a pricing schedule, rate card or BPA* then this will act as the quote)	Define business requirements and if applicable create a statement of work [#] , obtain three quotes, select the supplier and raise a Purchase Order (note: Standard PO terms & conditions are sent to the supplier with the PO)
More than \$100,000	If the goods and/or services are listed on a pricing schedule, rate card or BPA under the supplier contract then raise a Purchase Order. If the goods and/or services are non-standard and not covered under the contract then contact Procurement to discuss your requirements	Contact Procurement to discuss your requirements

[#]Please contact the relevant Procurement team to determine if a Statement of Work (SoW) is required and if so for the appropriate Statement of Work (SoW) template to use

*BPA refers to a Blanket Purchase Agreement that can be set up in Oracle against a supplier contract with all the items listed available for purchase with pre-agreed pricing

Note that Procurement can provide assistance in obtaining quotes or identifying suitable candidate suppliers.