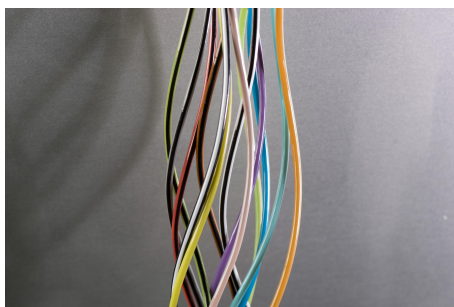


# SABRENet Limited

[www.sabrenet.edu.au](http://www.sabrenet.edu.au)



“Delivering Exceptional Value”  
2008 Annual Report

SABRENet Limited

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# Chair's Report

The past 12 months have again been enormously successful for SABRENet Ltd.

During the year the Company completed the first major expansion of the network with the completion of a 6km extension to the Institute of Medical and Veterinary Research at Gilles Plains. With this, and other smaller extensions that were completed during the year, the overall coverage of the network now includes 47 individual research and education locations in Adelaide.

By containing operating cost increases to a bare minimum SABRENet continues to offer its Members access to dark fibre at a price point which demonstrates exceptional value. Indeed it is likely that SABRENet offers the most cost effective access to dark fibre for research and education available anywhere in the world.

In September 2007 the Company welcomed Bruce Linn, an experienced Company Director and former CEO of Finlaysons Lawyers on to the Board as an independent Director.

On behalf of our Board of Directors I'd like to thank all of those people who have made a contribution to the ongoing success of SABRENet Ltd.

A handwritten signature in black ink, appearing to read 'Paul Sherlock', written in a cursive style.

Paul Sherlock

Chair SABRENet Board

# Introduction

## About SABRENet

The South Australian Broadband Research and Education Network (SABRENet) is an optical-fibre telecommunications network constructed in metropolitan Adelaide to link the State's major Research and Education (R&E) sites, including university campuses, research precincts and teaching hospitals.

SABRENet Ltd is a non-profit public company formed to oversee the development, management and effective use of SABRENet. The Members of SABRENet Ltd are Flinders University, the University of Adelaide, the University of South Australia and the South Australian Government, while the Defence Science and Technology Organisation (DSTO) is a contractual partner.

The strategic role of SABRENet Ltd is to raise South Australia's research and education performance by deploying and enabling specialist broadband and related services on behalf of its members and customers.



SABRENet Ltd creates value for South Australia by:

- Providing leadership on broadband issues within the research and education sector
- Building, owning and operating infrastructure
- Creating a critical mass of interconnected sites, users and applications
- Removing constraints on available bandwidth for research and education.

SABRENet provides optical fibre connections to over 40 R&E sites in the greater Adelaide metropolitan area (see Appendix A ) at data speeds in excess of 1 gigabit per second.

Figure 1 Shows the locations of these sites. The network can be considered as four backbones (North, South, East and West) joining onto a fibre loop in the Adelaide CBD. The fibre loop encircles

Figure 1 - SABRENet route map

## SABRENet Ltd – 2008 Annual Report

the University of Adelaide and University of South Australia (City East) campuses on North Terrace.

Completed in December 2006 and launched officially in March 2007, SABRENet is one of Australia's first and largest purpose-built 'Customer Owned Fibre networks'.

### Our Philosophy

SABRENet Ltd has been established as a small and highly efficient vehicle for collaboration between the SABRENet partners. SABRENet Ltd allows the Members to build, own and benefit from a world-class broadband infrastructure under a charter that explicitly retains assets in public ownership for the public good. At the same time, our agreements with the private sector deliver robust commercial outcomes on the same infrastructure.

Our philosophy is to present our Members with a low-risk and very cost effective value proposition. SABRENet Ltd itself does not build or operate infrastructure 'in house'. Rather, the principal day-to-day business of the Company is to coordinate the efforts of our public and private sector partners to meet shared and well understood objectives.

### About this Report

This is the Company's third Annual Report, covering the period from July 2007 to June 2008.

The enclosed Summary Financial Report summarises the Company's audited financial statements for the reporting period.

# The Year in Review

## Milestones

- **September 2007** – Second Annual General Meeting.
- **November 2007** – Gilles Plains extension contract
- **February 2008** – Gilles Plains extension practical completion

## Sites

The Company completed its first major expansion since the launch of SABRENet with the construction of a 6km extension to the Institute of Medical and Veterinary Research animal research facility at Gilles Plains and to the adjacent Gilles Plains TAFE college.

A number of shorter tail connections were made to connect Members' sites not connected during the initial rollout of SABRENet.

## Customers

The CSIRO and St Ann's College became contractual users of SABRENet fibres during the reporting period.

The Company also published a guide<sup>1</sup> for potential customers of SABRENet, describing the nature of SABRENet, the purposes for which it is intended and the process for gaining access.

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1 <http://www.sabrenet.edu.au/userFAQ>

## Services

The Company continued to focus on the provision of dark fibre connections to Members' and other customers' sites.

## The Company

The Company held its second Annual General Meeting, at which Bruce Linn was appointed as an Independent Director.

# The Company

SABRENet Ltd is a non-profit company limited by guarantee. The Members of the Company are

- Flinders University
- the University of Adelaide
- the University of South Australia, and
- the South Australian Government.

The Defence Science and Technology Organisation (DSTO) is a contractual partner in SABRENet Ltd.

The Members and DSTO collectively comprise the SABRENet Participants.

## Board of Directors

SABRENet Ltd is governed by its Board of Directors.

### *Paul Sherlock BE, MBA, GAICD (Chair)*

Paul is the current Director of the Information Strategy and Technology Experience Services Unit for the University of South Australia. He is responsible for the delivery of a wide range of ICT services across the University which support the key business functions of teaching and learning, research and consultancy and administration. Paul has previously held senior IT management roles at the Defence Science and Technology Organisation and BHP Steel International. In 1997 he was awarded the "Network World" Masters Award for his contribution to the establishment of the first high speed ATM network in Australia.

Paul is the Chair of SABRENet Ltd and was appointed to the Board by the University of South Australia.

### *Carolyn Anderson LLM, MBA, GDLP, GAICD*

Carolyn is a qualified solicitor and barrister and was admitted to the Supreme Court of South Australia on 2 February 1988. Carolyn worked in private legal practice before joining the Crown Solicitor's Office in 1992 in the Commercial Section.

Following a stint as the in-house counsel for Transport SA she joined the Information Economy Policy Office as a policy adviser in 1999. Carolyn is currently the Director of the Information Economy Directorate in the Department of Further Education, Employment, Science and Technology and is responsible for advising the South Australian government on information economy policy and implementing programs and projects in the areas of telecommunications, digital access, ICT skills, industry and community development and online content.

Carolyn was appointed to the SABRENet Board by the South Australian Government.

### *Mark Legg BSc, MSc, FAICD*

Mark is currently the Director of Information Services at Flinders University where he is responsible for the management of 70 staff. He has over 40 years experience in the tertiary education sector both as an academic and as an administrator. He has held the senior IT position at Flinders University for 34 years.

## SABRENet Ltd – 2008 Annual Report

Mark was appointed to the SABRENet Board by Flinders University.

### *Bruce Linn BSc, FAICD, FACS*

Bruce is an experienced Company Director and former CEO of Finlaysons Lawyers based in Adelaide, South Australia. His previous executive roles include Executive Director for EDS, responsible for all State Government business of EDS in Australia and Chief Executive of Camtech, one of Australia's leading Internet & Electronic Payments companies. Current Directorships and Board positions include the Council and Finance Committee of The University of South Australia, the boards of SABRENet Limited, St. Peters Collegiate Girls School, the SA/NT Division Council of the Australian Institute of Company Directors and as Chair of Community Information Strategies Australia (CISA).

Bruce was appointed to the SABRENet Board as an Independent Director at the 2007 AGM.

### *Shane McGregor BA, MBA*

Shane holds the position of Chief Financial Officer at the University of Adelaide, which has an annual turnover of more than \$500 million and an asset base of approximately \$1 billion. Shane has also previously held various senior roles in the private sector in banking and finance.

Shane was appointed to the Board by the University of Adelaide.

## Meetings

The Board held 7 meetings during the reporting period

Director	Eligible to attend	Attended	Notes
Paul Sherlock	7	7	
Mark Legg	7	6	
Shane McGregor	7	4	
Carolyn Anderson	7	7	
Bruce Linn	6	6	Appointed September 2007

## Management and Administration

James Tizard is the Company Secretary and founding Chief Executive Officer of SABRENet Ltd. James has worked in public sector IT for over 25 years, much of it in research environments. Before joining SABRENet Ltd he introduced and ran a variety of IT development programs for the State government, including the Broadband SA initiative.

The Company has negotiated an office accommodation agreement with the eResearch SA, under which SABRENet Ltd receives office





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accommodation and administrative support within the eResearch SA office suite on the University of Adelaide campus.

### Business Model

SABRENet Participants are allocated passive optical transmission paths ('fibre paths') connecting pairs of sites on the network. It is the responsibility of Participants to provide their own active services across these paths.

Non-Participant customers seeking to use SABRENet will enter into individual Access Agreements with the Company.

The net operating costs of SABRENet Ltd are met by the Participants through an annual subscription, levied in proportion to each Participant's allocation of fibre paths.

### Operation and Maintenance

SABRENet Ltd has engaged Amcom Pty Ltd to operate and maintain the SABRENet infrastructure under a long-term Operation and Maintenance agreement. Under the agreement, Amcom provides physical maintenance of the infrastructure, including Dial Before You Dig registration, fault response and repair.

Amcom also provides additional operational services to the SABRENet participants, largely associated with making new connections to the existing infrastructure.

### Acceptable Use

The Company has published a SABRENet Access Policy that sets out the eligibility criteria and acceptable use conditions governing the use of SABRENet.

The Access Policy may be obtained from the SABRENet web site<sup>2</sup>.

### Regulatory

The Telecommunications Act (1997) requires that telecommunications infrastructure used to carry communications between two discrete entities (as is the case with SABRENet) must be operated by a licensed telecommunications carrier.

As SABRENet Ltd is not itself a licensed carrier, and has no immediate plans to become one, it has entered into an arrangement under its Operation and Maintenance agreement with Amcom, whereby Amcom has obtained a 'Nominated Carrier Declaration' (NCD) over the SABRENet infrastructure, whereby Amcom assumes the regulatory rights and responsibilities assigned under the Act with respect to the SABRENet infrastructure.

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<sup>2</sup> [http://www.sabrenet.edu.au/doc/access\\_policy](http://www.sabrenet.edu.au/doc/access_policy)

# Appendix A – SABRENet Sites

The following sites are physically connected to the SABRENet optical fibre infrastructure

AARNet POP 1, Hindley St  
AARNet POP 2, Pultney St  
CSIRO Health Sciences  
DECS Education Development Centre  
DSTO  
Elizabeth TAFE  
Elizabeth-Fremont High School  
Flinders University  
Flinders Medical Centre  
Gawler High School  
Gawler TAFE  
Gilles Plains TAFE  
Glenside Govt Computing Centre  
IMVS Gilles Plains  
Lyell McEwen Hospital  
Mawson Lakes Base Station  
National Wine Centre  
Northern Adelaide Australian Technical College

Panorama TAFE  
Pasadena High School  
Queen Elizabeth Hospital  
RAH - Frome Rd (NW Comms)  
RAH - North Tce (EHB)  
Regency TAFE  
Repat General Hospital  
Roseworthy TAFE  
SA Govt Kintore Ave  
SA Govt POP Pultney St  
Salisbury High School  
Salisbury TAFE  
Thebarton Bioscience  
UA Badger building  
UA ITS, Gawler Place  
UA Maths building  
UA Plaza building  
UA Roseworthy  
UA Thebarton  
UA Victoria Drv

UniSA City East  
UniSA City West  
UniSA Magill  
UniSA Mawson Lakes  
Unley High School  
Urrbrae High School  
Urrbrae TAFE  
Waite Institute  
Women's and Children's Hospital  
Woodville

# Appendix B – Summary Financial Reports

The summary financial reports have been derived from the 2007-08 Financial Report of SABRENet Ltd. These summary reports cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities for the entity as the financial report. Copies of the full financial reports have been presented to the Members of SABRENet Ltd.

## Discussion and Analysis of the Financial Statements

### Income Statement

The operating result for the year was a loss of \$56,733. The primary sources of income were reimbursements for capital purchases and network access subscription fees received. Subscription fees from participants totalled \$252,586. The principal expense was Depreciation (\$845,674) which reflected completed network assets being amortised over their useful life.

### Balance Sheet

Total assets of \$10,149,040 include the fibre optic network at a written down value of \$7,780,649, minor plant and equipment, Indefeasible Rights of Use (IRUs) of \$1,105,000 and current assets of \$1,238,057. The IRU value is amortised over the useful life of the network. Total Liabilities of \$637,838 included subscription (\$133,313) and Grant (\$450,000) income received in advance, which will be recognised as income in future financial years.

### Cash Flow Statement

The cash flow for the year was a net outflow of \$97,733. Cash inflows were predominantly from member subscriptions and grants received for network construction costs. Cash outflows were for operating expenses and investment in the construction of the network.

## Financial Statements

### Income Statement

**For the Years Ended 30 June 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Revenue from operating activities	1,427,513	2,640,930
<b>Expenses</b>		
Employee benefits expense	(142,029)	(154,337)
Professional fees	(37,275)	(61,377)
Depreciation, amortisation and impairments	(845,674)	(252,517)
Insurance	(48,047)	(28,730)
Occupancy expenses	(21,716)	(21,326)
Infrastructure expenses	(246,770)	(172,210)
Auditor's expenses	(5,000)	(3,300)
Other expenses	(137,735)	(27,601)
<b>Profit before income tax</b>	(56,733)	1,919,532
Income tax expense	-	-
<b>Profit for the year</b>	(56,733)	1,919,532

## Balance Sheet

For the Years Ended 30 June 2008 and 2007

### Assets

#### Current assets

Cash and cash equivalents  
Trade and other receivables  
Other current assets

*Total current assets*

#### Non current assets

Property, plant and equipment  
Other non current assets

*Total non current assets*

#### Total Assets

### Liabilities

#### Current liabilities

Trade and other payables  
Income in advance  
Short term provisions

*Total current liabilities*

#### Non current liabilities

#### Total Liabilities

#### Net Assets

### Equity

Retained earnings

#### Total Equity

	2008	2007
Cash and cash equivalents	647,626	745,359
Trade and other receivables	495,971	82,798
Other current assets	94,460	90,887
<i>Total current assets</i>	1,238,057	919,044
Property, plant and equipment	7,805,983	7,672,319
Other non current assets	1,105,000	1,170,000
<i>Total non current assets</i>	8,910,983	8,842,319
<b>Total Assets</b>	10,149,040	9,761,363
<hr/>		
Trade and other payables	50,093	193,428
Income in advance	583,313	
Short term provisions	4,432	
<i>Total current liabilities</i>	637,838	193,428
<b>Total Liabilities</b>	637,838	193,428
<b>Net Assets</b>	9,511,202	9,567,935
Retained earnings	9,511,202	9,567,935
<b>Total Equity</b>	9,511,202	9,567,935

## Statement of Changes in Equity

**For the Years Ended 30 June 2008 and 2007**

### **Retained Earnings**

Balance at 1 July

Profit for the year

***Balance at 30 June***

	<b>2008</b>	<b>2007</b>
Balance at 1 July	9,567,935	7,648,403
Profit for the year	(56,733)	1,732,832
<b><i>Balance at 30 June</i></b>	9,511,202	9,381,235

## Statement of Cash Flows

**For the Years Ended 30 June 2008 and 2007**

### Cash flows from operating activities

	2008	2007
Contributions and subscriptions	1,513,033	796,182
Reimbursements and other income		854,496
Interest received	40,508	118,799
Payments to suppliers and employees	(671,936)	(687,384)
<b>Net cash provided by (used in) operating activities</b>	881,605	1,082,093

### Cash flows from investing activities

Acquisition of other non current assets	(979,338)	(5,187,850)
<b>Net cash provided by (used in) investing activities</b>	(979,338)	(5,187,850)

### Cash flows from financing activities

nil

### Other activities

<b>Net increase (decreases) in cash held</b>	(97,733)	(4,105,757)
Cash at beginning of financial year	745,359	4,851,116
<b>Cash at end of financial year</b>	647,626	745,359

