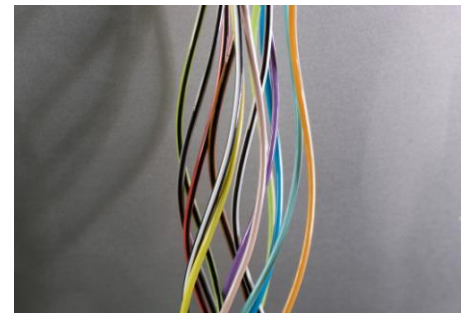


# SABRENet Limited

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



“Driving research and education collaboration”

2011 Annual Report

SABRENet Limited

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## Table of Contents

Chair's Report.....	1
Introduction .....	2
The Year in Review .....	4
The Year Ahead .....	5
The Company .....	6
Appendix A – SABRENet Sites .....	9
Appendix B – Summary financial reports .....	10

# Chair's Report

SABRENet Ltd. continues to go from strength to strength with new extensions to the network providing gigabit connectivity to another fifteen research and education sites.

The beginning of the reporting period saw the Company complete connections to seven Government high schools in the Northern area. This \$1.1million expansion was funded by the University of South Australia as part of a project to raise higher education participation rates in the Northern Suburbs. A strategic relationship was established with the SA Government Department of Transport, Energy and Infrastructure (DTEI) and this resulted in the connection of five northern railway stations to a city wide video-monitoring system via SABRENet fibre. Smaller projects resulted in the connection of Endeavour College and Endeavour House at Mawson Lakes, Catholic schools at Gilles Plains and Elizabeth and Pembroke School near the CBD.

The overall coverage of the network now includes 75 individual research and education locations in Adelaide. This represents an overall 70% increase in the number of connected sites since the network was first commissioned in December 2006.

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.

Looking ahead SABRENet Ltd. will work closely with other eResearch infrastructure providers including eResearch SA (eRSA) to ensure that South Australia is an integral part of the Commonwealth's vision for a national research data storage infrastructure. SABRENet Ltd. will also look to further exploit its metropolitan fibre assets to improve connectivity to member locations in regional areas of SA.

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.



Paul Sherlock, Chair SABRENet Board

September 2011 Footnote: It is with regret that I advise readers of this report that James Tizard died on 20<sup>th</sup> August 2011. This report has been compiled from Company records by the interim CEO.

# 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 75 R&E sites in the greater Adelaide metropolitan area (see Appendix A ) at data speeds in excess of 1 gigabit per second.



Figure 1 - SABRENet route map

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 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 sixth Annual Report, covering the period from July 2010 to June 2011.

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



# The Year in Review

## Milestones

- **August 2010** – Seven SA Government Schools connected
- **August 2010** – Endeavour House Technology Park connected
- **November 2010** – Pembroke School 1Gbps connection completed
- **December 2010** – The History Trust of South Australia connected
- **July 2010– Jan 2011** – Five Northern Railway Stations connected
- **December 2010** – University of Adelaide CBD to Waite cable upgrade completed
- **March 2011** – Endeavour College Mawson Lakes connected
- **April 2011** – Playford Unicare Clinic connected
- **June 2011** – Mawson Lakes Primary School connected
- **April 2011** – St Patrick's College (Elizabeth) & St Paul's College (Gilles Plains) connected

## Sites

During the reporting period the Company completed network extensions totaling approximately \$600,000, comprising two new sites at Mawson Lakes, the UniHealth Playford GP Super Clinic in Munno Parra, catholic schools in Elizabeth & Gilles Plains and Northern Rail Stations at Mawson Lakes, Salisbury, Elizabeth, Gawler and the Dry Creek Rail Yard for the SA Department of Transport, Energy and Infrastructure.

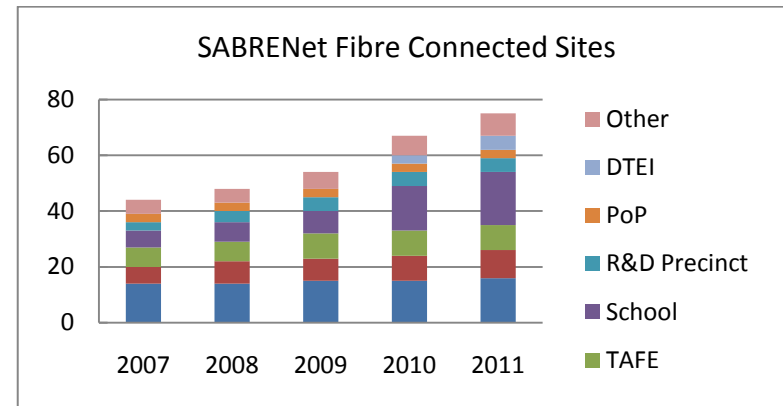
## Customers

Pembroke School, The History Trust of South Australia, Endeavour College and Playford Unicare Clinic became users of SABRENet fibre under User Access Agreements.

At the end of the reporting period, SABRENet users were using 219 optical fibre circuits interconnecting 75 sites.

## Growth

The bar chart below illustrates the substantial growth in the network through member capital contributions since its inception.



## Services

While dark fibre connections remained core business, the Company began to facilitate the take up of active (i.e. Layer 2) services to support new applications.

## The Company

- In August 2010 the Board approved James Tizard undertaking a consulting assignment with UniSA to act as Project Director for the National Research Network project on a half-time basis for 12 months.
- Professor Colin Carati joined the Board as the Flinders University appointed Director on 4 August 2010.

# The Year Ahead

## Sites

The Company will also continue to examine opportunities to extend SABRENet further into the southern metropolitan region, with Noarlunga Hospital and the TAFE College being the principal targets.

The Company will also explore opportunities to leverage its unallocated fibre assets in metropolitan Adelaide in order to improve regional connectivity for its members through fibre swap arrangements that deliver a non-cash R&E benefit to the members.



The regional centres of interest include Port Augusta, Port Lincoln, Whyalla, Renmark/Berri, Roxby Downs, Mount Gambier and Victor Harbour.

## Customers

The Commonwealth Government allocated some \$300 million for eResearch related infrastructure under the Super Science program, with an ambition to bring the benefits of advanced ICT and data management to all Australian researchers.

Much of this funding will go towards computing and data storage infrastructure that will demand access to very high speed broadband networks. SABRENet will work with eResearch SA during the coming year to identify the overall eResearch infrastructure needs of South Australian researchers, of which high speed broadband will form a critical substrate.

## Services

In 2011-2012 the Company expects to work closely with researchers and eResearch infrastructure providers including eResearch SA (eRSA) to ensure that South Australia is an integral part of the Commonwealth's vision for a national research data storage infrastructure.

The Company will monitor developments in the education and training sector, responding to appropriate broadband-related opportunities as they arise including opportunities arising from the National Broadband Network.

## Consulting and advocacy

SABRENet will continue to work closely with eResearch SA and the SA research community to establish a node of the national Research Data Storage Infrastructure (RDSI) in South Australia.

SABRENet will also assist the South Australian Health and Medical Research Institute to provide high bandwidth communications to its stakeholders.

# 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 Information Strategy and Technology Services 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 legal practitioner and has completed a Master of Laws and a Bachelor of Laws from the University of Adelaide. She also has a degree of Master of Business Administration from the University of South Australia, a Graduate Diploma of Legal Practice from the former South Australian Institute of Technology and is a Graduate Member of the Australian Institute of Company Directors.

Caroline is currently Director, Digital Economy and Technology, within the Department of Further Education, Employment, Science and Technology (DFEEST). In this role she provides leadership in information economy (IE) innovation policy development and program delivery in South Australia that links government, business, industry and education sectors. Previous roles include working as a Senior Solicitor within the South Australian Crown Solicitor's Office and as a legal practitioner in private practice.

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

### *Colin Carati PhD, BSC (Hons)*

Colin holds a faculty position in the School of Medicine, Faculty of Health Sciences at Flinders University where he teaches in anatomy and physiology and pursues research interest in microcirculation and lymphatics. He has also held senior administrative roles within the University, including as a Board member of one of the University's commercial arms.

Colin has a strong interest in ICT in education, health and eResearch. He is Associate Head of Faculty (ICT) for the Faculty of Health Sciences and is currently Executive Director (ICT) Strategy.

Colin 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.

*Virginia Deegan, BA, GAICD*

Virginia holds the position of Director, Infrastructure (Property & Technology) at the University of Adelaide, responsible for the strategic planning, project management and delivery of sustainable and innovative physical and technological facilities and services across all University campuses. Previous to this appointment in 2008, she was the General Manager, Royal Adelaide Hospital. Her experience includes over 30 years in the government sector, including membership on a number of boards. Virginia is currently appointed to the State Procurement Board and the SuperSA Board.

Virginia was appointed to the SABRENet Board by the University of Adelaide in August 2008.

**Meetings**

The Board held five meetings during the reporting period.

Director	Eligible to attend	Attended	Notes
Paul Sherlock	5	5	
Colin Carati	5	4	Appointed August 2010
Virginia Deegan	5	4	
Carolyn Anderson	5	4	
Bruce Linn	5	5	

**Management and Administration**

James Tizard is the Company Secretary and 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 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 building 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>1</sup>

<sup>1</sup> [http://www.sabrenet.edu.au/doc/access\\_policy](http://www.sabrenet.edu.au/doc/access_policy)

## 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

# Appendix A – SABRENet Sites

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

AARNet POP 1 (Hindley St)	St Patrick's Technical College (Elizabeth) (was Northern Adelaide Australian Technical College)	St Ann's College
AARNet POP 2 (Pulteney St)	Norwich House	Tea Tree Gully TAFE
Bradford College	Panorama TAFE	Techport Australia
Craigmore High School	Para Hills High School	Thebarton Bioscience
CSIRO Health Sciences	Parafield Gardens High School	UA Badger Building
DECS Education Development Centre	Paralowie R-12 School	UA Boat Shed Victoria Drive
DSTO	Pasadena High School	UA ITS, Gawler Place
Elizabeth TAFE	Pembroke School	UA Maths Building
Elizabeth-Fremont High School	Playford UniCare Clinic	UA National Wine Centre
Endeavour College (Mawson Lakes)	Port Adelaide TAFE	UA Plaza Building
Endeavour House (Technology Park)	Queen Elizabeth Hospital	UA Roseworthy
Flinders University	RAH - Frome Rd (NW Comms)	UA Thebarton
Flinders Medical Centre	RAH - North Tce (EHB)	UniSA City East
Gawler High School	Regency TAFE	UniSA City West
Gawler TAFE	Repat General Hospital	UniSA Magill
Gilles Plains TAFE	Roseworthy TAFE	UniSA Mawson Lakes
Glenside Govt Computing Centre	Royal Institution of Australia	Unley High School
History Trust of South Australia	SA Transport Rail Stations – Gawler, Mawson Lakes, Dry Creek, Elizabeth & Salisbury	Urrbrae High School
IMVS Gilles Plains	SA Govt Kintore Ave	Urrbrae TAFE
Kuarna Plains School	SA Govt POP Pulteney St	Valleyview Secondary School
Lyell McEwen Hospital	Salisbury High School	Waite Institute
Mawson Lakes Base Station	Salisbury East High School	Women's and Children's Hospital
Mawson Lakes Primary School	Salisbury TAFE	
Modbury Hospital		
St Paul's College (Gilles Plains)		

# Appendix B – Summary financial reports

The summary financial reports have been derived from the 2010-2011 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

### For the Year Ended 30 June 2011

#### Income Statement

The operating result for the year was a loss of \$242,530. The operating result included a depreciation expense of \$949,509 reflecting network assets being amortised over their useful life. Contributions from members and network access fees from participants totalled \$481,821.

#### Balance Sheet

Total assets at cost increased by \$596,090 to \$12,487,056 representing the further investment in the network. Accumulated depreciation of the network assets totalled \$3,700,845.

#### Cash Flow Statement

The cash flow for the year was a net inflow of \$191,796 which reflected funds received prior to 30th June 2011 and which applied to network asset investment in the coming financial year.

## Financial Statements

### Income Statement

For the Years Ended 30 June 2011 and 2010

	2011	2010
<b>Revenue</b>		
Revenue from operating activities	1,303,798	1,916,866
<b>Expenses</b>		
Employee costs	(204,102)	(180,025)
Professional fees	(36,118)	(67,393)
Depreciation	(949,509)	(894,067)
Insurance	(13,211)	(32,062)
Occupancy expenses	(23,220)	(21,547)
Infrastructure expenses	(180,000)	(235,000)
Write off of indefeasible right to use	(10,000)	(935,000)
Auditor's remuneration	(6,500)	(6,000)
Other expenses	(123,668)	(73,404)
<b><i>Profit/(loss) before income tax</i></b>	<b>(242,530)</b>	<b>(527,632)</b>
Income tax expense	-	-
<b><i>Surplus/(Loss) for the year</i></b>	<b>(242,530)</b>	<b>(527,632)</b>

## Balance Sheet

For the Years Ended 30 June 2011 and 2010

	2011	2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	770,066	578,270
Trade and other receivables	39,820	160,710
Other financial assets	31,436	29,632
<i>Total current assets</i>	841,321	768,612
<b>Non-current assets</b>		
Other financial assets	140,000	150,000
Property, plant and equipment	8,796,695	9,148,657
<i>Total non-current assets</i>	8,936,695	9,298,657
<b>Total Assets</b>	9,778,016	10,067,269
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	92,184	48,656
Income in advance	30,673	143,546
Provisions	30,680	8,148
<i>Total current liabilities</i>	153,627	200,350
<b>Non current liabilities</b>		
<b>Total Liabilities</b>	153,627	200,350
<b>Net Assets</b>	9,624,389	9,866,919
<b>Equity</b>		
Retained earnings	9,624,389	9,866,919
<b>Total Equity</b>	9,624,389	9,866,919

Statement of Changes in Equity

**For the Year Ended 30 June 2011**

	Retained Earnings \$	Total Equity \$
<i>Balance at 30 June 2009</i>	10,394,551	10,394,551
Loss for the year	(527,632)	(527,632)
<i>Balance at 30 June 2010</i>	9,866,919	9,866,919
Loss for the year	(242,530)	(242,530)
<i>Balance at 30 June 2011</i>	9,624,389	9,624,389

## Statement of Cash Flows

**For the Years Ended 30 June 2011 and 2010**

### Cash flows from operating activities

	<b>2011</b>	<b>2010</b>
Cash receipts from customers (inc GST)	1,402,619	1,695,315
Interest Received	27,918	23,587
Cash paid to suppliers and employees (inc GST)	(641,193)	(609,537)
Grant funding repaid	-	(91,000)
<b><i>Net cash inflow/(outflow) from operating activities</i></b>	<b>789,344</b>	<b>1,018,365</b>

### Cash flows from investing activities

Proceeds from sale of property, plant and equipment		-
<b><i>Purchase of property plant and equipment</i></b>	<b>(597,548)</b>	<b>(1,441,672)</b>
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(597,548)</b>	<b>(1,441,672)</b>

### Cash flows from financing activities

Net cash provided by (used in) financing activities		-
Net cash inflow/(outflow) from financing activities	-	-
Net cash inflow/(outflow) from investing activities	-	-
<b><i>Net increase in cash and cash equivalents</i></b>	<b>191,796</b>	<b>(423,307)</b>
Cash and cash equivalents at beginning of period	578,270	1,001,577
<b><i>Cash and cash equivalents at end of period</i></b>	<b>770,066</b>	<b>578,270</b>