



30 October 2015

Mr Michael Cosgrave  
Group General Manager  
Communications Group  
Australian Competition and Consumer Commission  
GPO Box 520  
Melbourne VIC 3001

By email: [michael.cosgrave@accc.gov.au](mailto:michael.cosgrave@accc.gov.au)

Dear Mr Cosgrave,

## Special Access Undertaking – Regulatory Information for 2014-15 and proposed amendment to 2013-14 LTRCM Determination

The purpose of this letter is to:

- lodge nbn co limited's (nbn's) Regulatory Information for 2014-15; and
- propose an amendment to the ACCC's 2013-14 LTRCM Determination.

Each of these items is discussed further below.

### Regulatory Information for 2014-15

Under Schedule 1F of nbn's Special Access Undertaking (SAU) as accepted by the ACCC on 13 December 2013, nbn is required to submit a set of regulatory information to the ACCC by 31 October 2015 in respect of the 2014-15 Financial Year (**Regulatory Information**).

The ACCC must have regard to the Regulatory Information in issuing its 2014-15 LTRCM Determination under Schedule 1E of the SAU by 30 June 2016. The relevant ACCC decision making process is set out in the SAU.

The Regulatory Information in respect of the 2014-15 Financial Year is attached, together with a range of supporting materials. It comprises the following documents.

1. Cover letter (PDF file) – Public version only
2. Supporting submission (PDF file) – Public version and Confidential version
3. SAU-Regulatory Information (PDF file containing statements pertaining to the Actual and Proposed Financial Information, Expenditure Compliance Report, Procurement Rules Compliance Report and Price Compliance Report) – Public version and Confidential version
4. SAU-Regulatory Information (Excel version of the statements pertaining to the Actual and Proposed Financial Information) – Confidential version only



5. PricewaterhouseCoopers Audit Report on the SAU-Regulatory Information (PDF file) – Confidential version only
6. PricewaterhouseCoopers Report of Factual Findings on the statement of LTRCM and RAB items (PDF file) – Confidential version only
7. PricewaterhouseCoopers Limited Assurance Report in relation to controls applicable to Price Compliance and Expenditure Compliance (PDF file) – Confidential version only
8. LTRCM Spreadsheet (Excel file setting out the calculation of the RAB, ABBRR and ICRA from the relevant input values (based on the current 2013-14 LTRCM Determination)) – Public version and Confidential version
9. Additional LTRCM Spreadsheet (Excel file setting out the calculation of the RAB, ABBRR and ICRA from the relevant input values based on the proposed amendment to the 2013-14 LTRCM Determination outlined below) - Public version and Confidential version
10. Price Compliance Spreadsheet – Public version only
11. **nbn**'s current Chart of Accounts – Confidential version only

Some aspects of the Regulatory Information and supporting materials are confidential. In determining the appropriate treatment of each item of confidential information, **nbn** has applied the ACCC's April 2014 *Confidentiality Guideline for submitting confidential material to ACCC communications inquiries*. **nbn**'s supporting submission provides further details on confidentiality treatments (see Appendix B of that submission).

Any inquiries regarding confidentiality treatments and access to confidential information should be directed to:

Matthew Cole  
General Manager Access Regulation  
Regulatory Affairs  
**nbn**  
[matthewcole@nbnco.com.au](mailto:matthewcole@nbnco.com.au)

## Proposed amendment to 2013-14 LTRCM Determination

In the 2013-14 LTRCM Determination, the ACCC accepted **nbn**'s proposed values for the Annual Building Block Revenue Requirement (ABBRR), Regulatory Asset Base (RAB) and Initial Cost Recovery Account (ICRA), based on the 2013-14 Actual and Proposed Financial Information submitted by **nbn** on 31 October 2014.

**nbn** has recently become aware of an issue with the 2013-14 Actual and Proposed Financial Information. The Annual Construction in Progress Allowance (ACIPA) that forms part of the ABBRR was calculated for the 2008-09 to 2013-14 Financial Years with reference to the opening value of Construction in Progress; however, this value inadvertently omitted Working Inventory. Working Inventory (which includes items of equipment held by **nbn** until they are allocated to a particular construction project) was not otherwise reflected in any aspect of the LTRCM.

In light of this, **nbn** requests, in accordance with clause 1E.1.3(a) of the SAU, that the ACCC amend the 2013-14 LTRCM Determination to incorporate Working Inventory for the 2008-09 to 2013-14 Financial Years.



**nbn** notes that the cumulative effect of including Working Inventory in Construction in Progress is an increase in the closing value of the ICRA as at 30 June 2014 of \$6.4 million.

A more detailed explanation in regard to the Working Inventory issue is provided in **nbn**'s Supporting Submission.

Please let me know if you require any further information or would like to discuss anything in this letter or the attached documents.

Yours sincerely

A handwritten signature in black ink, which appears to read 'Caroline Lovell'.

Caroline Lovell  
Chief Regulatory Officer