



**Australian
Competition &
Consumer
Commission**

Variation to the Building Block Model Record Keeping Rule (BBM RKR)

ACCC Final Decision

June 2013



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Glossary

| | |
|---------------------|--|
| ACCC | Australian Competition and Consumer Commission |
| Access Seeker | Has the same meaning as in section 152AG of the CCA |
| ADSL | Asymmetric digital subscriber line |
| AGVC | Aggregating Virtual Circuit. |
| BBM | Building block model |
| BBM RKR | Building block model record keeping and reporting rule |
| CCA | <i>Competition and Consumer Act 2010</i> |
| FAD | Final access determination |
| Fixed Line Services | Each of the fixed line services last declared in 2009 under Part XIC of the CCA. These are the ULLS, LCS, LSS, PSTN OTA and WLR services. ‘Fixed Line Services’ in this document does not include the Wholesale ADSL service |
| FLSM | Fixed line services model |
| FLSM Asset Class | A class of asset, as listed in Appendix A, which appears in the FLSM and forms part of the CAN or Core network. |
| LCS | Local carriage service |
| LSS | Line sharing service |
| Mbps | Megabits per second |
| Pricing Review | The process by which the ACCC will set regulated prices to apply to the Fixed Line Services and/or the Wholesale ADSL service in a subsequent Regulatory Period. |
| PSTN | Public switched telephone network |
| PSTN OTA | PSTN originating and terminating access |
| RAB | Regulatory asset base |
| Regulatory Period | The period during which the FADs for the Fixed Line Services are in force. |
| Retail ADSL service | An asymmetric digital subscriber line service supplied by Telstra to an End-User. |
| RKR | Record keeping rule |
| SIOs | Services in operation |
| VLAN | Virtual Local Area Network. |
| ULLS | Unconditioned local loop service |

| | |
|------------------------|---|
| WACC | Weighted average cost of capital |
| Wholesale ADSL service | Wholesale asymmetric digital subscriber line service |
| WLR | Wholesale line rental |
| Zone | The zone of the Exchange Serving Area as determined in the 'List of ADSL ESAs by zone' published on the ACCC's website. |

1 Executive Summary

On 29 May 2013, the ACCC made a Final Access Determination (FAD) for the Wholesale ADSL service and commenced an inquiry into varying the existing Building Block Model Record Keeping Rule (BBM RKR). We proposed to amend the BBM RKR to enable us to collect data necessary to set prices for the Wholesale ADSL service for future regulatory periods. This variation will formalise the process by which the ACCC will collect this data; Telstra provided Wholesale ADSL information voluntarily during the recent Wholesale ADSL FAD inquiry. We released a Discussion Paper and invited submissions from interested parties.

We received two submissions from Telstra and Optus in response to the Discussion Paper. Public versions of these submissions are available on the [ACCC's website](#). After considering these submissions, we have made a number of minor drafting amendments to our original proposed variation. These amendments will not require Telstra to provide us with any additional information to that outlined in the proposed variation.

The ACCC has now varied the BBM RKR pursuant to section 151BU of the *Competition and Consumer Act 2010*. This variation is effective from 28 June 2013. A copy of the varied BBM RKR, with changes marked up, can be found in [Attachment 1](#) and on the ACCC's website, linked above.

2 Overview of the BBM RKR Inquiry

2.1 Introduction

The purpose of this variation is to update the original BBM RKR to reflect the need to formally collect data necessary to set future prices for the Wholesale ADSL service. In the most recent Wholesale ADSL inquiry, this incremental data was provided by Telstra voluntarily.

In July 2011, the ACCC made FADs for the declared Fixed Line Services¹ which expire on 30 June 2014.² The ACCC used a Building Block Model (BBM), being the Fixed Line Services Model (FLSM), to determine the prices in the FADs.

To effectively implement the FLSM, we require forecast and actual data from Telstra relating to operating expenditure, capital expenditure, depreciation and demand. On 24 August 2012, the ACCC made the BBM RKR which required Telstra to provide this information for the purpose of estimating prices for the Fixed Line Services during future FAD inquiries.

On 29 May 2013, the ACCC made the first FAD for the Wholesale ADSL service, which had been declared on 14 February 2012. We used the FLSM (which was revised to include new asset classes required to supply the Wholesale ADSL service) to set the prices.

¹ In this paper, 'Fixed Line Services' refers to those fixed line services last declared in 2009 under Part XIC of the CCA. These are the ULLS, LCS, LSS, PSTN OTA and WLR services. It does not include the Wholesale ADSL service.

² ACCC, *Inquiry to make final access determinations for the declared fixed line services – final report*, July 2011.

We also aligned the expiry date of the Wholesale ADSL service FAD to that of the Fixed Line Services FAD (currently 30 June 2014). We intend to combine the FAD inquiries for both the Wholesale ADSL service and the relevant Fixed Line Services to ensure consistency in the estimation of prices for these services.

We are now varying the BBM RKR to require Telstra to provide updated data necessary for the ACCC to set prices for the Wholesale ADSL service in future FAD inquiries. This variation will formalise the process by which the ACCC will collect data which Telstra provided voluntarily during the recent Wholesale ADSL FAD inquiry.

2.2 Why are we varying the BBM RKR?

We consider that there are a number of advantages to amending the BBM RKR to include information relating to the Wholesale ADSL service, these include:

- **Consistency with other regulatory processes**

The variation will ensure the mechanism for the ACCC to request data for the Wholesale ADSL service is identical to the manner in which it requests data for Fixed Line Services. The ACCC considers this promotes consistency in the pricing of regulated fixed line services.

- **Creating regulatory certainty**

The variation sets the process, including timing, by which the ACCC can request data relating to the Wholesale ADSL service. The ACCC considers this provides access providers and access seekers with a degree of regulatory certainty.

- **Minimising the regulatory burden on Telstra**

The previous BBM RKR already provided for the collection of some of the information required by the ACCC to set prices for the Wholesale ADSL service. We considered that modifying the existing BBM RKR will reduce the regulatory burden on Telstra in providing the information required in respect of the Wholesale ADSL service.

2.3 Summary of original proposed amendments

In our Discussion Paper, we proposed to make the following changes to the BBM RKR:

- Amending clause 4 to include definitions for AGVC, Retail ADSL, VLAN, Wholesale ADSL and Zone, along with amending definitions for Demand, Operating Expenditure and Pricing Review;
- Amending clause 6 to include additional actual usage data related to the Wholesale ADSL service (and Retail ADSL services);
- Amending clause 8 to include forecast annual Demand related to the Wholesale ADSL service (and Retail ADSL services);
- Amending Attachments A and B to apply these changes to the reporting requirements; and

- Amending Attachments B and C to collect data relating to the ‘data equipment’ asset class, including historic cost by vintage, written down values by vintage, capital expenditure, operating expenditure and asset lives.

2.4 Summary of submissions

The ACCC received submissions from Telstra and Optus in response to the Discussion Paper.

2.4.1 Telstra’s submission

- Telstra proposed that the terms ‘Demand’ and ‘Operating Expenditure’ be either removed or reworded so as to avoid the potential for confusion and inconsistency with later clauses of the BBM RKR.

We agree with this proposal, and have amended these two definitions. We have also removed an unintended capitalisation of ‘Forecast’ in Clause 10 and 12, consistent with Telstra’s submission.

- Telstra proposed that the definition of ‘peak usage’ be amended. They raised concerns over the requirement to report data as an ‘average over’ the month noting that it does not record a monthly average for throughput at peak times.

We have considered Telstra’s proposal and made an amendment to the definition of ‘peak usage’ to accommodate these concerns.

2.4.2 Optus’ submission

- Optus recommended that the RKR require Telstra to report on the total volume of AGVC/VLAN capacity *purchased* by Access Seekers (along with capacity actually used). Optus considered this would enable the ACCC to understand the relationship between capacity ordered and capacity used, which would lead to improved forecasts.

We acknowledge that the original wording of clause 4 (x)(i), defining ‘peak period’ did not clearly articulate the intended requirement for Telstra to provide capacity *purchased*. We have made a minor amendment to this definition to clarify this. However, we consider requiring Telstra to also provide data on capacity used would not significantly assist in producing improved forecasts (as capacity used is likely to be closely aligned with capacity purchased) and would pose an unnecessary regulatory burden.

- Optus recommended Telstra be required to reconcile its RKR forecasts with ASX-lodged documents and further be required state the source of any internal documents. It considers this would assist the ACCC in determining the weight that should be attached to such forecasts.

We consider this would pose an unnecessary regulatory burden on Telstra, and consider that the BBM RKR already has sufficient measures (such as requiring

explanatory statements and a signed Record-Keeping Declaration by the CEO or CFO) to ensure Telstra provides accurate forecasts.

- Optus recommended that the BBM RKR should require Telstra to provide detailed information regarding specific hardware within the data equipment category (for example, the available physical capacity of each DSLAM/BRAS/IGR).³ Optus submitted that this would enable the ACCC to make a full assessment of the efficiency of all the hardware included within this category.

We do not consider it necessary to require Telstra to report on this level of detail for the BBM RKR, and that it would create an unnecessary regulatory burden. While such information may be relevant for future FAD inquiries, it is not necessary for the ACCC to oblige Telstra to report detailed information on the status of specific assets for the purposes of obtaining inputs for the BBM. When relevant to an FAD inquiry, the ACCC will seek additional information from parties during the public inquiry process.

- Optus also proposed the RKR be amended to require Telstra to report total revenue from Access Seekers for each of the regulated services.

We do not consider this proposal falls within the scope of the current variation inquiry, and as such have not proposed to make this variation at this time.

2.5 Summary of additional amendments as compared to the original proposed variation

After considering submissions from interested parties, we have decided to make the following changes from the Proposed Variation made in the Discussion Paper:

- Amending clause 4 to change the definition of ‘demand’ and ‘operating expenditure’ to eliminate the potential for inconsistent definitions within the document;
- Amending clause 4(x)(i) to clarify that the ACCC is seeking total purchased AGVC/VLAN.
- Amending clause 4(x)(ii) to require Telstra to report the peak throughput for the month, rather than an ‘average’ forecast over the month.
- Amending clause 10 and 12 to remove the capitalisation of ‘forecast.’

3 Additional data collection required for setting prices for the Wholesale ADSL service

In order to set prices that will apply over a given regulatory period, the ACCC requires forecast operating expenditure, capital expenditure and demand. Forecast operating and capital expenditure are used to determine the revenue requirement in

³ DSLAM is defined as Digital Subscriber Line Access Multiplexer; IGR is defined as Internet Gateway Router. BRAS is defined as Broadband Remote Access Server.

each year of the regulatory period. The revenue requirement is then allocated to each service and divided by forecast demand for that service to determine regulated prices.

The ACCC requires additional actual usage figures for the Wholesale ADSL service in order to assess the accuracy of previous forecasts and inform its assessment of future forecasts. This forecast and actual usage data is necessary to effectively implement the FLSM, which will in turn increase industry certainty and improve the quality of decisions relating to price regulation in the telecommunications industry.

An overview of the additional data now being collected is listed below.

3.1 Actual usage data

We are varying clause 6 of the BBM RKR to require actual data for the Wholesale ADSL service for each financial year until the financial year ending 2021. Telstra is required to record:

- the total number of Wholesale ADSL SIOs used by Access Seekers as at 30 June, in each of the three Zones;
- the total amount of Peak Usage, in Megabits per second (Mbps), by Access Seekers for the Wholesale ADSL service as at 30 June;
- the total number of Retail ADSL SIOs supplied by Telstra as at 30 June; and
- the total amount of Peak Usage, in Mbps, used by Telstra to supply Retail ADSL services as at 30 June.

3.2 Forecast annual demand

We are varying clause 8 to require Telstra to provide forecast annual Demand for ADSL services. Telstra is required to provide forecasts for:

- the total number of Wholesale ADSL SIOs used by Access Seekers as at 30 June, in each of the three Zones;
- the total amount of Peak Usage, in Mbps, by Access Seekers for the Wholesale ADSL service as at 30 June;
- the total number of Retail ADSL SIOs supplied by Telstra as at 30 June; and
- the total amount of Peak Usage, in Mbps, used by Telstra to supply Retail ADSL services as at 30 June.

We will also assess the validity of Telstra's Demand forecasts as part of the FAD process. To facilitate this assessment, the varied BBM RKR requires that Telstra provide an explanatory statement containing:

- the method used to determine the forecasts
- the assumptions used to determine the forecasts, and
- the basis for the assumptions.

To ensure that the requirements above are adequately addressed, Telstra is required to include:

- key demand drivers taken into account
- the data sources used, and
- a report comparing forecasts for the previous Regulatory Period with the actual usage data for that period, and an explanation of any differences, trends and drivers.

3.3 Expenditure, asset life and asset values for data equipment'

The ACCC has added a new asset class, 'data equipment', to the FLSM in order to estimate prices for the Wholesale ADSL service. We are varying the BBM RKR to request the same information on expenditure, asset lives and asset values for this asset class as for all other asset classes in the FLSM. Telstra will be required to provide the following data for the 'data equipment' asset class:

- Historic cost by vintage
- Written down values by vintage
- Forecast operating expenditure
- Forecast capital expenditure
- Total asset lives

4 Final Decision

The ACCC has varied the BBM RKR pursuant to section 151BU of the *Competition and Consumer Act 2010*. This variation is effective from 28 June 2013. A copy of the varied BBM RKR, with changes marked up, follows in Attachment 1. A clean version of this document can be found on the [ACCC's website](#).

Building Block Model

Record Keeping and Reporting Rule

Section 151BU

Part XIB Competition and Consumer Act 2010

[Australian Competition and Consumer Commission](#)

[June 2013](#)

TITLE

- (1) These rules made by the Australian Competition and Consumer Commission (ACCC) pursuant to section 151BU of the *Competition and Consumer Act 2010* (CCA) may be referred to as the Building Block Model Record Keeping and Reporting Rule (Rule).

COMMENCEMENT

- (2) The Rule takes effect from ~~24-28 June August~~ 2013~~2~~ until 30 June 2021. The ACCC will commence a review of the Rule prior to it ceasing to have effect.

APPLICATION

- (3) The Rule applies to Telstra Corporation Limited (ACN 051 775 556) (Telstra).

INTERPRETATION

- (4) The following terms have the meaning set out in this clause.
 - (a) ‘**Access Seeker**’ has the same meaning as in section 152AG of the CCA.
 - ~~(b)~~ (b) ‘**ACCC**’ means the Australian Competition and Consumer Commission.
 - ~~(b)(c)~~ (b)(c) ‘**AGVC**’ means Aggregating Virtual Circuit.
 - ~~(e)(d)~~ (e)(d) ‘**Asset Lives**’ means the period over which regulatory depreciation is applied.
 - ~~(d)(e)~~ (d)(e) ‘**ASIC**’ means the Australian Securities and Investments Commission.
 - ~~(e)(f)~~ (e)(f) ‘**Band**’ means the ULLS banding of the Exchange Serving Area.
 - ~~(f)(g)~~ (f)(g) ‘**Building Block Model approach**’ means the approach used to determine prices by the ACCC according to the *2011 inquiry to make final access determinations for the declared fixed line services – final report*.
 - ~~(g)(h)~~ (g)(h) ‘**Capital Expenditure**’ means the amount spent by Telstra to acquire or upgrade any asset or part of an asset included in the FLSM Asset Classes.
 - (i) ‘**CCA**’ means the *Competition and Consumer Act 2010* (Cth).

- (h)(j) **‘Demand’** means the forecast quantity of ~~each of a the Fixed Line Services and Wholesale ADSL service~~ that will be acquired by Access Seekers.
- (i)(k) **‘DSL Service’** means digital subscriber line service and refers to a carriage service for the provision of DSL services along a metallic line using access technology which allows the transmission of data from a modem at an End-User’s premises to an exchange and using the non-voice spectrum of the communications wire.
- (j)(l) **‘DSL-only SIOs’** means the total number of Telstra retail and wholesale digital subscriber line services in operation where the End-User only takes DSL provided by a Telstra DSLAM and no Voice Service is provided on that line by any carrier.
- (k)(m) **‘DSLAM’** refers to a digital subscriber line access multiplexer used to provide DSL Services.
- (l)(n) **‘End-User’** means consumers of communications carriage services and other services supplied using communications carriage services, rather than the suppliers of these services.
- (m)(o) **‘Exchange Serving Area’** means the area served from a traditional local exchange building in accordance with Australian Communications Industry Forum Limited definition C559:2005 Part 1.
- (n)(p) **‘FAD’** means Final Access Determination, as defined under section 152AC of the CCA.
- (o)(q) **‘Financial Asset Register’** means Telstra’s financial asset register which records Telstra’s historic cost and accumulated depreciation of assets that have not been fully depreciated from its accounts.
- (p)(r) **‘Fixed Line Services’** means each of the fixed line services declared under Part XIC of the CCA. These services are the unconditioned local loop service (ULLS), wholesale line rental (WLR), line sharing service (LSS), public switched telephone network originating and terminating access (PSTN OTA) and local carriage service (LCS).
- (q)(s) **‘Fixed Line Services Model’** the pricing model developed to estimate prices for the declared fixed line services used in the *2011 inquiry to make final access determinations for the declared fixed line services – final report*, or a variation or replacement of this model.
- (r)(t) **‘FLSM Asset Class’** means each class of asset as listed in tables B1, B2, C1, C2 and C3 annexed at Attachments B and C of the Rule.
- (s)(u) **‘LCS’** means the local carriage service declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(t)~~(v) **‘LSS’** means the line sharing service declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(w)~~ **‘Operating Expenditure’** means all ongoing direct and indirect operating expenditure ~~relating to Fixed Line Services~~ provided by Telstra.

~~(x)~~ **‘Peak Usage’** means the sum of:

i. where Access Seekers pay a separate charge for AGVC/VLAN: AGVC/VLAN capacity purchased as at the specified date; and

ii. where there is no separate charge for AGVC/VLAN: peak busy hour throughput for the month up to and including the specified date.

~~(t)~~(y) **‘PSTN’** means the public switched telephone network and is a telephone network accessible by the public providing switching and transmission facilities utilising analogue and digital technologies.

~~(v)~~(z) **‘PSTN OTA’** means the domestic PSTN originating access and the domestic PSTN terminating access services declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(w)~~(aa) **‘Pricing Review’** means the process by which the ACCC will set regulated prices to apply to the Fixed Line Services and the Wholesale ADSL service for any regulatory period after the current Regulatory Period.

~~(x)~~(bb) **‘Regulatory Period’** means the period during which the FADs for the Fixed Line Services or Wholesale ADSL are in force.

(cc) **‘Retail ADSL’** means an asymmetric digital subscriber line service supplied by Telstra to an End-User.

~~(y)~~(dd) **‘Rule’** means the *Building Block Model Record Keeping and Reporting Rule*.

(ee) **‘SIO’** refers to an active telecommunications service between Telstra and an End-User.

~~(z)~~(ff) **‘Total SIOs’** means the sum of: Voice-only SIOs; DSL-only SIOs; and Voice and DSL bundle SIOs.

~~(aa)~~(gg) **‘Vintage’** means the financial year in which the assets were purchased.

~~(bb)~~(hh) **‘Voice and DSL bundle SIOs’** means the total number of Telstra retail and wholesale DSL and Voice Services provided as part of the same Service in Operation where the End-User takes both voice

provided by a Telstra PSTN switch and DSL provided by a Telstra DSLAM.

~~(ee)~~(ii) **‘Voice Service’** means a service provided by use of a PSTN using a Telstra PSTN switch by means of the 3.1 kilohertz frequency spectrum of a metallic line.

~~(dd)~~(jj) **‘Voice-only SIOs’** means the total number of Telstra retail and wholesale Voice Services in Operation where the End-User takes only voice provided by a Telstra PSTN switch and no DSL Service is provided on that line by any carrier.

~~(kk)~~ **‘ULLS’** means the unconditioned local loop service declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(ll)~~ **‘VLAN’** means Virtual Local Area Network.

~~(ee)~~(mm) **‘Wholesale ADSL’** means the wholesale asymmetric digital subscriber line service declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(nn)~~ **‘WLR’** means the wholesale line rental service declared under Part XIC of the CCA and maintained on the register of declared services under section 152AQ of the CCA as varied from time to time.

~~(ff)~~(oo) **‘Zone’** means the zone of the Exchange Serving Area as determined in the ‘List of ADSL ESAs by zone’ published on the ACCC’s website.

- (5) Unless the contrary intention appears, an expression used in this Rule that is also used in the CCA has the same meaning in these Rules as it does in the CCA.

RECORD KEEPING RULES

Record keeping rules for actual usage data

- (6) Telstra must establish and maintain an electronic record containing the following actual usage data for the WLR, ~~and~~ LCS, Wholesale ADSL and Retail ADSL services for each financial year until the financial year ending 30 June 2021 (inclusive):
- (a) The total number of WLR SIOs used by Access Seekers as at 30 June, in each of the four geo____graphic Bands.
 - (b) The total number of LCS call minutes used by Access Seekers over the financial year to 30 June.

- (c) The average call duration for the LCS used by Access Seekers, in minutes, over the financial year to 30 June.
- (d) The total number of Wholesale ADSL SIOs used by Access Seekers as at 30 June, in each of the three Zones.
- (e) The total amount of Peak Usage, in Megabits per second (Mbps), by Access Seekers for the Wholesale ADSL service as at 30 June.
- (f) The total number of Retail ADSL SIOs supplied by Telstra as at 30 June.
- (e)(g) The total amount of Peak Usage, in Mbps, used by Telstra to supply Retail ADSL services as at 30 June.

Record keeping rules for historic cost data

- (7) Telstra must establish and maintain an electronic record containing the following historic data, prepared in a manner consistent with Telstra's Financial Asset Register:
 - (a) Historic cost by Vintage for each FLSM Asset Class.
 - (b) Written down values by Vintage for each FLSM Asset Class.

Record keeping rules for forecast data

- (8) Telstra must establish and maintain an electronic record containing the following forecasts and supporting information for each financial year requested by the ACCC under Rule 15:
 - (a) Forecast total annual Operating Expenditure specified for each FLSM Asset Class, expressed in nominal terms.
 - (b) Forecast total annual Capital Expenditure specified for each FLSM Asset Class, expressed in nominal terms.
 - (c) Forecast annual Demand for the following Fixed Line Services:
 - i. ULLS SIOs, by geographic Band
 - ii. WLR SIOs, by geographic Band
 - iii. Total SIOs, by geographic Band
 - iv. PSTN OTA minutes
 - v. LCS minutes
 - vi. LCS average call duration
 - vii. LSS SIOs.

(d) Forecast annual Demand for:

- i. The total number of Wholesale ADSL SIOs used by Access Seekers as at 30 June, in each of the three Zones
- ii. The total amount of Peak Usage, in Mbps, by Access Seekers for the Wholesale ADSL service as at 30 June
- iii. The total number of Retail ADSL SIOs supplied by Telstra as at 30 June
- iii.iv. The total amount of Peak Usage, in Mbps, used by Telstra to supply Retail ADSL services as at 30 June.

~~(d)~~(e) Total Asset Lives for forecast Capital Expenditure for each FLSM Asset Class.

Explanatory statement accompanying forecast information

- (9) When it provides the forecast data requested under Rule 8, Telstra must provide an explanatory statement containing the following information:
- (a) Telstra's annual inflation assumptions used in its forecasts of Operating Expenditure and Capital Expenditure.
 - (b) The method used to determine the forecasts in Rules 8(a)–~~(e)~~.
 - (c) The assumptions used to determine the forecasts in Rules 8(a)–~~(e)~~.
 - (d) The basis for the assumptions in Rule 9(c).
 - (e) Any internal guidelines used by Telstra for either of the following purposes:
 - i. to assess the prudence of forecast Capital Expenditure
 - ii. tendering or contracting out Capital Expenditure projects.
- (10) To ensure that the requirements of Rule 8 and Rule 9 relating to Forecast forecast Operating Expenditure are adequately addressed, Telstra must include in its explanatory statement:
- (a) The cost drivers used for each expenditure class
 - (b) The cost allocations (and underlying methodology behind the allocations) with respect to any common or joint costs related to shared facilities or network elements, and an explanation of how these accord with the Fixed Line Services Model; and
 - (c) A report comparing forecasts for the previous Regulatory Period with actual Operating Expenditure for that period, and an explanation of any differences, trends and drivers.

- (11) To ensure that the requirements of Rule 8 and Rule 9 relating to Forecast Capital Expenditure are adequately addressed, Telstra must include in its explanatory statement:
- (a) An explanation of the investment program detailing:
 - i. How non-discretionary projects relate to the drivers of investment, such as population growth and replacement of assets nearing the end of their asset lives
 - ii. For discretionary projects, a broad description of the type of investments being undertaken and the drivers of those investments
 - (b) A report comparing forecasts for the previous Regulatory Period with the actual Capital Expenditure for that period, and an explanation of any differences, trends and drivers
 - (c) For discretionary projects, an explanation of any major differences in the types of investment undertaken compared to the forecasts; and
 - (d) Evidence that a review of Capital Expenditure projects was undertaken in accordance with any investment guidelines.
- (12) To ensure that the requirements of Rule 8 and Rule 9 relating to [Forecast demand](#) are adequately addressed, Telstra must include in its explanatory statement:
- (a) Key demand drivers taken into account
 - (b) The data sources used; and
 - (c) A report comparing forecasts for the previous Regulatory Period with the actual usage data for that period, and an explanation of any differences, trends and drivers.

REPORTING REQUIREMENTS

Reporting requirements for actual usage data

- (13) For each financial year until the financial year ending 30 June 2021 (inclusive), Telstra must provide the ACCC with a report containing the information required in Rule 6 of this Rule. The report must be:
- (a) lodged with the ACCC within 4 weeks of the date upon which Telstra is required to lodge its annual report with ASIC pursuant to section 319 of the *Corporations Act 2001* (Cth); and
 - (b) prepared and submitted electronically in Microsoft Excel in the format prescribed by the ACCC and annexed at Attachment A.

Reporting requirements for historic cost data and forecast data

- (14) The ACCC will announce the commencement of a Pricing Review at least 12 months prior to the commencement of the next Regulatory Period.
- (15) When the ACCC announces the commencement of a Pricing Review, Telstra must within 8 weeks of the date on which it receives a written request from the ACCC:
 - (a) provide the ACCC with a report containing the information required in Rule 7 and Rule 8 of the Rule;
 - (b) prepare and submit the report electronically in Microsoft Excel in the format prescribed by the ACCC and annexed at Attachment B and Attachment C; and
 - (c) include an explanatory statement addressing the requirements of Rules 9 to 12 (inclusive) and submit it electronically as a Microsoft Word or PDF document that allows for searchable text.

Submission of reports

- (16) The reports specified under Rule 13 and Rule 15 must be provided to the ACCC by email to both of the following addresses:
 - (a) rkrinbox@acc.gov.au; and
 - (b) Comms.Admin@acc.gov.au.
- (17) The ACCC may delegate to a member of the ACCC or authorise a member of the ACCC staff, to exercise its power to amend the format referred to in Rule 13(b), 15(b) and 15(c).
- (18) The ACCC must provide Telstra with adequate notice of any such amendment.

RECORD-KEEPING DECLARATIONS

- (19) At the time that a carrier or carriage service provider submits information to the ~~Commission~~ ACCC under Rule 13 or Rule 15, the carrier or carriage service provider must submit a Record-Keeping Declaration signed by its Chief Executive Officer (CEO) or Chief Financial Officer (CFO) or delegated authority in accordance with **Attachment D**.

ATTACHMENT A: TEMPLATE FOR ACTUAL USAGE DATA

Table A1: WLR, ~~and~~ LCS, Wholesale ADSL and Retail ADSL Usage for the financial year ending 30 June xxxx [insert year]

| Service | Unit | Total Usage data |
|--------------------------------------|--|------------------|
| Wholesale Line Rental (WLR) | Band 1 SIOs Band 2 SIOs Band 3 SIOs Band 4 SIOs | |
| Local Carriage Service (LCS) | Minutes | |
| LCS average call duration | Minutes | |
| <u>Wholesale ADSL</u> | <u>Zone 1 SIOs</u> <u>Zone 2 SIOs</u> <u>Zone 3 SIOs</u> | |
| <u>Peak Usage for Wholesale ADSL</u> | <u>Mbps</u> | |
| <u>Retail ADSL</u> | <u>SIOs</u> | |
| <u>Peak Usage for Retail ADSL</u> | <u>Mbps</u> | |

ATTACHMENT B: TEMPLATE FOR HISTORIC COST DATA

Table B1: Historic cost by Vintage

| FLSM Asset Classes | Units | XXXX-XX | XXXX-XX | XXXX-XX | XXXX-XX | XXXX-XX |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| CAN | | | | | | |
| Ducts and pipes | \$ as at | | | | | |
| Copper cables | \$ as at | | | | | |
| Other cables | \$ as at | | | | | |
| Pair gain systems | \$ as at | | | | | |
| CAN radio bearer equipment | \$ as at | | | | | |
| Other CAN assets | \$ as at | | | | | |
| Other communications plant and equipment | \$ as at | | | | | |
| Network land | \$ as at | | | | | |
| Network buildings/support | \$ as at | | | | | |
| Indirect capital assets | \$ as at | | | | | |
| Core | | | | | | |
| Switching equipment – Local | \$ as at | | | | | |
| Switching equipment – Trunk | \$ as at | | | | | |
| Switching equipment – Other | \$ as at | | | | | |
| Inter-exchange cables | \$ as at | | | | | |

| | | | | | | |
|--|--------------------------|--|--|--|--|--|
| Transmission equipment | \$ as at | | | | | |
| Core radio bearer equipment | \$ as at | | | | | |
| Other communications plant and equipment | \$ as at | | | | | |
| Network land | \$ as at | | | | | |
| Network buildings/support | \$ as at | | | | | |
| Indirect capital assets | \$ as at | | | | | |
| LSS equipment | \$ as at | | | | | |
| Data equipment | \$ as at | | | | | |

Table B2: Written down values by Vintage

| FLSM Asset Classes | Units | XXXX-XX | XXXX-XX | XXXX-XX | XXXX-XX | XXXX-XX |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| CAN | | | | | | |
| Ducts and pipes | \$ as at | | | | | |
| Copper cables | \$ as at | | | | | |
| Other cables | \$ as at | | | | | |
| Pair gain systems | \$ as at | | | | | |
| CAN radio bearer equipment | \$ as at | | | | | |
| Other CAN assets | \$ as at | | | | | |
| Other communications plant and equipment | \$ as at | | | | | |
| Network land | \$ as at | | | | | |
| Network buildings/support | \$ as at | | | | | |
| Indirect capital assets | \$ as at | | | | | |
| Core | | | | | | |
| Switching equipment – Local | \$ as at | | | | | |
| Switching equipment – Trunk | \$ as at | | | | | |
| Switching equipment – Other | \$ as at | | | | | |
| Inter-exchange cables | \$ as at | | | | | |
| Transmission equipment | \$ as at | | | | | |

| | | | | | | |
|--|--------------------------|--|--|--|--|--|
| Core radio bearer equipment | \$ as at | | | | | |
| Other communications plant and equipment | \$ as at | | | | | |
| Network land | \$ as at | | | | | |
| Network buildings/support | \$ as at | | | | | |
| Indirect capital assets | \$ as at | | | | | |
| LSS equipment | \$ as at | | | | | |
| Data equipment | \$ as at | | | | | |

ATTACHMENT C: TEMPLATE FOR FORECAST DATA

Table C1: Forecast Operating Expenditure for the Regulatory Period

| FLSM Asset Classes | Units | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| CAN | | | | | | |
| Ducts and pipes | \$m as at | | | | | |
| Copper cables | \$m as at | | | | | |
| Other cables | \$m as at | | | | | |
| Pair gain systems | \$m as at | | | | | |
| CAN radio bearer equipment | \$m as at | | | | | |
| Other CAN assets | \$m as at | | | | | |
| Other communications plant and equipment | \$m as at | | | | | |
| Network land | \$m as at | | | | | |
| Network buildings/support | \$m as at | | | | | |
| Indirect capital assets | \$m as at | | | | | |
| Total CAN Operating Expenditure | \$m as at | | | | | |
| Core | | | | | | |
| Switching equipment – Local | \$m as at | | | | | |
| Switching equipment – Trunk | \$m as at | | | | | |

| | | | | | | |
|--|---------------------------|--|--|--|--|--|
| Switching equipment – Other | \$m as at | | | | | |
| Inter-exchange cables | \$m as at | | | | | |
| Transmission equipment | \$m as at | | | | | |
| Core radio bearer equipment | \$m as at | | | | | |
| Other communications plant and equipment | \$m as at | | | | | |
| Network land | \$m as at | | | | | |
| Network buildings/support | \$m as at | | | | | |
| Indirect capital assets | \$m as at | | | | | |
| LSS equipment | \$m as at | | | | | |
| Data equipment | \$m as at | | | | | |
| Total Core Operating Expenditure | \$m as at | | | | | |
| Indirect operating expenditure | | | | | | |
| Indirect operating expenditure | \$m as at | | | | | |
| Inflation assumptions | | | | | | |
| Inflation | per cent | | | | | |

Table C2: Forecast Capital Expenditure for the Regulatory Period

| FLSM Asset Classes | Units | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| CAN | | | | | | |
| Ducts and pipes | \$m as at | | | | | |
| Copper cables | \$m as at | | | | | |
| Other cables | \$m as at | | | | | |
| Pair gain systems | \$m as at | | | | | |
| CAN radio bearer equipment | \$m as at | | | | | |
| Other CAN assets | \$m as at | | | | | |
| Other communications plant and equipment | \$m as at | | | | | |
| Network land | \$m as at | | | | | |
| Network buildings/support | \$m as at | | | | | |
| Indirect capital assets | \$m as at | | | | | |
| Total CAN Capital Expenditure | \$m as at | | | | | |
| Core | | | | | | |
| Switching equipment – Local | \$m as at | | | | | |
| Switching equipment – Trunk | \$m as at | | | | | |
| Switching equipment – Other | \$m as at | | | | | |

| | | | | | | |
|--|---------------------------|--|--|--|--|--|
| Inter-exchange cables | \$m as at | | | | | |
| Transmission equipment | \$m as at | | | | | |
| Core radio bearer equipment | \$m as at | | | | | |
| Other communications plant and equipment | \$m as at | | | | | |
| Network land | \$m as at | | | | | |
| Network buildings/support | \$m as at | | | | | |
| Indirect capital assets | \$m as at | | | | | |
| LSS equipment | \$m as at | | | | | |
| Data equipment | \$m as at | | | | | |
| Total Core Capital Expenditure | \$m as at | | | | | |
| Inflation assumptions | | | | | | |
| Inflation | per cent | | | | | |

Table C3: Total asset lives for forecast Capital Expenditure during the Regulatory Period

| FLSM Asset Classes | Units | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX |
|--|--------------|----------------|----------------|----------------|----------------|----------------|
| CAN | | | | | | |
| Ducts and pipes | years | | | | | |
| Copper cables | years | | | | | |
| Other cables | years | | | | | |
| Pair gain systems | years | | | | | |
| CAN radio bearer equipment | years | | | | | |
| Other CAN assets | years | | | | | |
| Other communications plant and equipment | years | | | | | |
| Network land | years | | | | | |
| Network buildings/support | years | | | | | |
| Indirect capital assets | years | | | | | |
| Core | | | | | | |
| Switching equipment – Local | years | | | | | |
| Switching equipment – Trunk | years | | | | | |
| Switching equipment – Other | years | | | | | |
| Inter-exchange cables | years | | | | | |
| Transmission equipment | years | | | | | |

| | | | | | | |
|--|-----------------------|--|--|--|--|--|
| Core radio bearer equipment | years | | | | | |
| Other communications plant and equipment | years | | | | | |
| Network land | years | | | | | |
| Network buildings/support | years | | | | | |
| Indirect capital assets | years | | | | | |
| LSS equipment | years | | | | | |
| Data equipment | years | | | | | |

Table C4: Forecast Demand for the Regulatory Period

| Service | Units | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX | 20XX-XX |
|--|---|---------|---------|---------|---------|---------|
| Unconditioned Local Loop Service (ULLS) | Band 1 SIOs Band 2 SIOs Band 3 SIOs Band 4 SIOs | | | | | |
| Wholesale Line Rental (WLR) | Band 1 SIOs Band 2 SIOs Band 3 SIOs Band 4 SIOs | | | | | |
| Total SIOs | Band 1 SIOs Band 2 SIOs Band 3 SIOs Band 4 SIOs | | | | | |
| PSTN Originating and Terminating Access (PSTN OTA) | Minutes | | | | | |
| Local Carriage Service (LCS) | Minutes | | | | | |
| LCS average call duration | Minutes | | | | | |
| Line Sharing Service (LSS) | SIOs | | | | | |
| Wholesale ADSL | Zone 1 SIOs Zone 2 SIOs Zone 3 SIOs | | | | | |
| Peak Usage for Wholesale ADSL | Mbps | | | | | |
| Retail ADSL | SIOs | | | | | |

| | | | | | | |
|-----------------------------------|-------------|--|--|--|--|--|
| <u>Peak Usage for Retail ADSL</u> | <u>Mbps</u> | | | | | |
|-----------------------------------|-------------|--|--|--|--|--|

ATTACHMENT D: RECORD-KEEPING DECLARATION

Record-Keeping Declaration – Statement by CEO or CFO

(Date)
Group General Manager
Communications Group
Australian Competition and Consumer Commission

Statement by CARRIER’S or CARRIAGE SERVICE PROVIDER’S Chief Executive Officer or Chief Financial Officer

I declare that:

- (a) the reports are prepared in accordance with the requirements of the Rules;
- (b) the reports are accurate in all material respects; and
- (c) the reports are consistent with the internal reporting procedures of (Company Name)

Dated at this day of 20

Chief Executive Officer/ Chief Financial Officer
(or delegated authority)