Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Additional Estimates February 2017

Communications Portfolio

NBN Co Limited

Question No: 223

NBN Co Limited

Hansard Ref: Written, 14/03/2017

Topic: Accounting separation

Senator Urquhart, Anne asked:

1. Please confirm whether NBN undertakes accounting separation for each of its access networks?
2. How is CAPEX captured under this arrangement?
3. How is OPEX captured under this arrangement?
4. How are AVC and CVC revenues captured under these arrangements?
5. Is there any accounting separation between FTTH, FTTN, FTTB and FTTDp?

Answer:

1.-4. nbn has been reporting on a form of accounting separation for several years – this has involved separating network assets, direct costs and indirect costs (but not revenue and common costs) between Satellite, Fixed Wireless, FTTP and Transit technologies. The Government's December 2014 Telecommunications Regulatory and Structural Reform policy paper extended nbn's accounting separation framework to each of its access networks (FTTx, HFC, Fixed Wireless, Satellite and Transit). nbn has augmented its accounting separation framework to support the reporting of revenues and common costs and to extend it to include the new technologies under the multi technology mix rollout.

nbn utilises an enterprise resource planning (ERP) financial management system to capture, control and report costs and revenues at a General Ledger account level through the use of specific account numbers and cost centres.

For accounting separation purposes, operating, capital costs and revenues are then divided between technologies using a process of attribution and allocation.

5. There is accounting separation in respect of FTTP, FTTN/B (with FTTC to be included in due course), HFC, Fixed Wireless, Satellite and Transit technologies.