



# Regional Broadband Scheme Transparency Report

For the reporting year ended 30 June 2022



# Contents

## Contents

<b>1 About this Report .....</b>	<b>3</b>
<b>2 Chief Financial Officer’s Message.....</b>	<b>4</b>
<b>3 Transparency Information and Metrics .....</b>	<b>6</b>
<b>4 Defined Terms .....</b>	<b>13</b>
<b>5 Basis of Preparation of Financial Metrics.....</b>	<b>15</b>

## LEGAL NOTICE

Copyright subsists in this Regional Broadband Scheme (RBS) Transparency Report. NBN Co owns that copyright. Other than as permitted under the Copyright Act 1968 (Cth), this RBS Transparency Report (in part or as a whole) cannot be reproduced, published, communicated or adapted without the prior written consent of NBN Co.

Any request or inquiry to so use this RBS Transparency Report should be addressed to: The Chief Financial Officer, NBN Co Limited, Level 13, 100 Mount Street, North Sydney, NSW 2060, Australia.



# 1 About this Report

Under section 80 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (**TCPSS Act**), the Secretary of the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications and the Arts may enter into a contract with an eligible funding recipient in relation to fixed wireless broadband services or satellite broadband services.

NBN Co Limited (**nbn**) is an eligible funding recipient, and a contract has been entered into in accordance with section 80(1) of the TCPSS Act (**RBS Contract**). Under the RBS Contract, **nbn** is required to meet specific terms and conditions as an eligible funding recipient pertaining to - the publication of amounts received by **nbn** through the Regional Broadband Scheme (**RBS**); enhanced transparency including in relation to how money was expended on the **nbn**<sup>®</sup> Fixed Wireless Network and **nbn**<sup>®</sup> Satellite Network; the provision of consistent and up to date information on the size of the **nbn** Fixed Wireless Network and **nbn** Satellite Network footprints; and the provision of information about the performance of the **nbn** Fixed Wireless Network and **nbn** Satellite Network.

The **nbn** RBS Transparency Report (the **Transparency Report**) is prepared and provided for the purpose of fulfilling **nbn**'s obligations under its contract pursuant to section 80(1) of the TCPSS Act.

The Transparency Report:

- is for the reporting year ending 30 June 2022 (**Reporting Year**); and
- relates to the telecommunications network owned or controlled by, or operated by or on behalf of, **nbn** or any related corporation using an **nbn** Fixed Wireless or **nbn** Satellite access technology (**nbn Fixed Wireless Network** and **nbn Satellite Network**).



## 2 Chief Financial Officer's Message

**nbn's** purpose is to lift the digital capability of Australia and a key part of achieving this purpose is delivering broadband services to regional and rural Australia. This has required the design and construction of wholesale-only **nbn** Fixed Wireless and Satellite Networks to reach areas of Australia that are not covered by the fixed line network. The **nbn** Fixed Wireless and Satellite Networks have been designed and built to enable **nbn** to offer 25 Mbps downstream and 5 Mbps upstream peak rate services or higher.<sup>1</sup> **nbn** operates and maintains the **nbn** Fixed Wireless and Satellite Networks via the implementation of robust assurance processes, remediation of services where needed and management of network capacity and performance to meet anticipated demand.

**nbn** has invested heavily in deploying and maintaining these networks since 2011 and continues to do so now, as evidenced by the capital and operating expenditure incurred during Financial Year 2021 and 2022 shown in section 3 below. As of 30 June 2022, approximately 495,000 premises across Australia were connected to the **nbn** Fixed Wireless and Satellite Networks and more than one million premises are ready to connect to an **nbn** service.

The purpose of the RBS is to sustainably fund the cumulative net losses from **nbn** Fixed Wireless and Satellite Networks, which provide access to essential broadband services predominantly in regional Australia. In 2020, the Australian Competition and Consumer Commission estimated a net present value of past losses of the **nbn** Fixed Wireless and Satellite Networks of \$7.5 billion (i.e. losses between 1 July 2009 and 30 June 2020) with total expected losses of \$12.9 billion (i.e. losses between 1 July 2009 and 30 June 2040).<sup>2</sup> Recognising the importance of these networks to so many Australians, the Commonwealth established the RBS to ensure long-term, transparent and sustainable funding arrangements are in place to provide essential broadband services to regional, rural and remote Australians.

As was noted at the time of the RBS being introduced, '*NBN Co's fixed wireless and satellite networks are essential to address the broadband access disadvantage historically experienced by regional Australia. These networks improve social, education and health outcomes for regional Australians and better enable them to participate in the digital economy. These substantial benefits come at a high cost. Fixed wireless and satellite technologies are the quickest and most cost effective way of providing broadband services to regional Australia*'.<sup>3</sup>

---

<sup>1</sup> The peak or maximum information rate capable of being achieved by the wholesale service that **nbn** supplies to a retail service provider (RSP), does not guarantee that information rate for any sustained period or that the retail service provided by the RSP to an end user will achieve those speeds. An end customer's experience, including the speeds actually achieved over the **nbn** network, depends on the **nbn** access network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside **nbn's** control (like the end customer's equipment quality, software, broadband plan, signal reception and, with the exception of **nbn** Sky Muster® Plus, how their service provider designs its network). Speeds may also be impacted by the number of concurrent users on the **nbn** Fixed Wireless Network, including during busy periods. Satellite end customers may also experience latency.

<sup>2</sup> Australian Competition and Consumer Commission '*Report on modelling of the Regional Broadband Scheme levy initial base component*' (October 2020). The ACCC was required to use the financial model and methodology used by the former Department of Communications and the Arts' then Bureau of Communications Research (BCR) for its 2016 report on the proposed levy. The ACCC was also required to update the inputs and assumptions adopted by the BCR for its model to reflect changes that have occurred since the publication of that report.

<sup>3</sup> Explanatory Memorandum to the *Telecommunications (Regional Broadband Scheme) Charge Act 2020*



The RBS requires all fixed line carriers, including **nbn**, to contribute funding, currently at a rate of approximately \$7.45 per month, per chargeable premises, connected to their telecommunications network that is supplied with an active 'designated broadband service' (meaning it is supplied using a fixed line that is capable of supplying a superfast carriage service). It was estimated that **nbn** will itself pay around 95 per cent of the levy due to the high number of designated broadband services provided over **nbn's** fixed line network. For the first period that the RBS was enacted, 1 January 2021 to 30 June 2021, **nbn** paid approximately 96.75 per cent of the levy.

In the Reporting Year, **nbn** Fixed Wireless revenue was \$199m and Satellite revenue was \$88m. **nbn** incurred direct operating and capital expenditures related to the **nbn** Fixed Wireless Network of \$133m and \$237m respectively. **nbn** incurred direct operating and capital expenditures related to the **nbn** Satellite Network of \$83m and \$66m respectively. All reported expenditure figures exclude shared or indirect expenditures (operating expenditures that do not apply wholly and specifically to the **nbn** Fixed Wireless and Satellite Networks, including interest expenses) and any associated depreciation of past **nbn** Fixed Wireless and Satellite Network capital expenditure investments. Further details on the basis of preparation for financial information included in the Transparency Report are provided in section 5.

**nbn** provides this Transparency Report as part of its obligations under its RBS Contract with the Commonwealth, and confirms that:

- A. the RBS Payment received by **nbn** in the relevant Funding Financial Year (FY22) has been applied to costs and/or expenses (whether incurred in the relevant Funding Financial Year or any prior Financial Year) relating to Fixed Wireless Broadband Services or Satellite Broadband Services; and
- B. the matters specified in section 3 of this Transparency Report have been verified for accuracy.

SIGNED on behalf of NBN Co Limited

A handwritten signature in black ink, appearing to read 'Philip Knox', is written over a horizontal line.

*Philip Knox*

Chief Financial Officer



### 3 Transparency Information and Metrics

Capitalised terms are defined in section 4 of this Report. Greyed out boxes indicate information that is not required to be reported.

The monetary amounts contained within this report have been presented in Australian dollars, and their values are rounded to the nearest million dollars unless otherwise stated. The operational metrics and results are presented using the relevant units.

Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
i.	the total amount set out in the Nominal Funding Entitlement Certificate issued to <b>nbn</b> in the Reporting Year	5				\$338,702,487.40
ii.	the total amount set out in the Charge Offset Certificate issued to <b>nbn</b> in the Reporting Year	6				\$327,710,952.57
iii.	for the Reporting Year, and the financial year immediately prior to that year, the following information:	7				
iii. A.	the total gross revenue received by <b>nbn</b> in the Reporting Year directly derived from the supply of Eligible Services by <b>nbn</b> using <b>nbn's</b> Fixed Wireless Network				\$178m	\$199m

<sup>4</sup> These items are publicly reported in accordance with Schedule 1(1) of the RBS Contract.

<sup>5</sup> The amount specified in the Nominal Funding Entitlement Certificate issued to **nbn** in the Reporting Year reflects how much money the Commonwealth owes to **nbn** in the Reporting Year based on an assessment of the RBS levy (**nbn** and non-**nbn** contributions) for the previous financial year. This applies to the base component part of the levy only and does not apply to the administrative component.

<sup>6</sup> The amount specified in the Charge Offset Certificate issued to **nbn** in the Reporting Year is offset against the amount in the Nominal Funding Entitlement Certificate (and reflects **nbn's** contribution to the RBS levy for the previous financial year). This applies to the base component part of the levy only. **nbn** is required to pay the administrative component of the levy in full.

<sup>7</sup> See section 5 of this Transparency Report for how the figures reported for this item Sch 1(1)(iii)(A)-(F) have been prepared.



Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
iii. B.	the total gross revenue received by <b>nbn</b> in the Reporting Year directly derived from the supply of Eligible Services by <b>nbn</b> using <b>nbn's</b> Satellite Network				\$69m	\$88m
iii. C.	the total direct operating expenditure incurred by <b>nbn</b> in the Reporting Year on <b>nbn's</b> Fixed Wireless Network				\$133m	\$133m
iii. D.	the total direct operating expenditure incurred by <b>nbn</b> in the Reporting Year on <b>nbn's</b> Satellite Network				\$81m	\$83m
iii. E.	the total direct capital expenditure incurred by <b>nbn</b> in the Reporting Year on <b>nbn's</b> Fixed Wireless Network				\$281m	\$237m
iii. F.	the total direct capital expenditure incurred by <b>nbn</b> in the Reporting Year on <b>nbn's</b> Satellite Network				\$79m	\$66m
iv.	for the Reporting Year, and the three financial years immediately prior to that year (collectively, the four years), the information specified in subparagraphs (A) to (F) below, and details of any materially significant change to the information series across each of the four years, an explanation for the changes:					



Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
iv. A.	the number of premises situated in <b>nbn's</b> Fixed Wireless Footprint that are identified by <b>nbn</b> as Ready to Connect as at 30 June of each year	8	659,300	610,415	622,008	644,147
iv. B.	the number of premises situated in <b>nbn's</b> Satellite Footprint that are identified by <b>nbn</b> as Ready to Connect as at 30 June of each year	8	443,154	431,680	427,766	421,390
iv. C.	the number of premises identified by <b>nbn</b> as Activated Premises situated in <b>nbn's</b> Fixed Wireless Footprint supplied with one or more Active Services by <b>nbn</b> as at 30 June of each year	9	284,683	319,105	356,280	386,511
iv. D.	the number of premises identified by <b>nbn</b> as Activated Premises situated in <b>nbn's</b> Satellite Footprint supplied with one or more Active Services by <b>nbn</b> as at 30 June of each year	9	95,480	101,258	111,630	108,468

<sup>8</sup> These figures are taken from **nbn's** Weekly Progress Report, and refers to premises that are Ready to Connect as at the end of the relevant financial year. Some premises identified as Ready to Connect in the **nbn** Fixed Wireless and Satellite Footprints may not be able to actually receive **nbn** Fixed Wireless or Satellite Broadband Services without remediation work to overcome impediments to connection, due to the number of factors that contribute to securing a working service (e.g. line of sight, etc).

In FY2019/20, **nbn** initiated improvements to the accuracy of **nbn's** address system database, including adding records for new or missing premises and removing duplicates or non-premises from legacy databases, which led to a drop in premises records previously included in **nbn's** Weekly Progress Report. **nbn** continues to conduct these reviews on a regular basis.

<sup>9</sup> These figures are taken from **nbn's** Weekly Progress Report, and refers to premises that have an Active Service installed as at the end of the relevant financial year.





Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
iv. E.	the total estimated number of square kilometres covered by <b>nbn's</b> Fixed Wireless Footprint as at 30 June of each year	10	184,385	186,980	191,148	192,123
iv. F	the total estimated number of square kilometres covered by <b>nbn's</b> Satellite Footprint as at 30 June of each year	11	7,688,254	7,688,254	7,688,254	7,688,254
v.	information about cell and tower upgrades on <b>nbn's</b> Fixed Wireless Network	12				212,640 Mbps of capacity added
vi. (FW)	information about any material changes to <b>nbn's</b> wholesale services and product offerings implemented by <b>nbn</b> in the Reporting Year that has materially improved the service characteristics of Eligible Services supplied using <b>nbn's</b> Fixed Wireless Network					n/a

<sup>10</sup> The estimated area of the **nbn** Fixed Wireless Footprint in the table above is indicative and has been calculated: (i) with reference to the coverage area maps relating to **nbn's** Fixed Wireless towers that were operational on or around 30 June in the relevant financial year (these coverage area maps are developed using radio frequency propagation modelling software, and, in the case of Financial Year 22 and prior Financial Years, the coverage area has been limited to a maximum of 14km from the fixed wireless tower to correspond with a software limitation that prevents connections beyond that distance), and (ii) to exclude areas over the ocean and where the fixed wireless coverage area overlaps with the **nbn** fixed line footprint (**nbn** does not generally make fixed wireless services available for order in these locations). The **nbn** Fixed Wireless Footprint figures includes areas within the coverage area map where **nbn** cannot supply a wholesale service over the **nbn** Fixed Wireless Network, for example because the fixed wireless signal may be obstructed by topography, buildings or trees.

<sup>11</sup> The estimated area of the **nbn** Satellite Footprint in the table above is indicative and has been calculated to be equivalent to the size of mainland Australia and select Offshore Territories (including Christmas, Cocos, Macquarie and Norfolk Islands, and excluding others like the Australian Antarctic Territory) based on ABS Census 2016 state data (STE) and Australian Government Geoscience Australia 2022 data. The **nbn** Satellite Footprint figures includes: (i) areas where **nbn** cannot supply a wholesale service over the **nbn** Satellite Network, for example because the satellite signal may be obstructed by topography, buildings or trees, and (ii) where the **nbn** Satellite Footprint overlaps with the **nbn** fixed line and fixed wireless footprint (**nbn** does not generally make satellite services available for order in these locations; based on June 2022 footprints, this area of overlap with the **nbn** fixed line and fixed wireless service areas was approximately 211,853 square kilometres).

<sup>12</sup> This metric is indicative and is based on the Reporting Year. It identifies the total Mbps of added capacity to the **nbn** Fixed Wireless Network resulting from capacity upgrades and optimisations, and is calculated based on the number of active 4G cells in the **nbn** Fixed Wireless Network on or around the start and end of the financial year (with an estimated average of 60 Mbps capacity per cell). Some cells will deliver a maximum potential capacity that is less or more than this estimated average Mbps, and the actual capacity of each cell may vary from its maximum potential capacity due to changes to local conditions, for example including (but not limited to) radio interference.



Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
vi. (Sat)	information about any material changes to <b>nbn's</b> wholesale services and product offerings implemented by <b>nbn</b> in the Reporting Year that has materially improved the service characteristics of Eligible Services supplied using <b>nbn's</b> Satellite Network	13				<ul style="list-style-type: none"> <li>Increased the Fair Use peak download allowance for <b>nbn</b> Sky Muster<sup>®</sup> by 5GB, over a 4-week rolling period on average, across an RSP's base; the increase was applied across all CVC Classes.</li> <li>Launched <b>nbn</b> <a href="#">Mobility VISP</a> and <b>nbn</b> Mobility Private Network Layer 3, which are portable satellite solutions over the business <b>nbn</b><sup>®</sup> Satellite Service</li> </ul>

<sup>13</sup> Business **nbn**<sup>®</sup> Mobility VISP helps enable service providers to deliver a range of wholesale business-grade mobility-based solutions. At launch, the following two terminal types will be available:

- 'Flyaway' terminals: which are stationary auto-pointing satellite antenna solutions housed in transit-cases which are suitable for transport to site by road, rail or air and set up where needed, with a typical set-up time of around 15 minutes.
- 'Driveaway' terminals: which are stationary auto-pointing satellite antenna solutions mounted to a vehicle and can be driven to where service is required and achieve network connectivity within around 10 minutes.

More information is available at: [business nbn Satellite Service | nbn \(nbnc.com.au\)](#)



Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
vii.	in respect of the Eligible Services supplied using <b>nbn's</b> Fixed Wireless Network during the month of June of the Reporting Year, the percentage of <b>nbn's</b> Fixed Wireless Network cells which had an Average Daily Downlink Throughput averaged over the 30 days in the month of June of the Reporting Year for each of the following categories:	14				
vii. A.	less than 3 Megabits per second					0.00%
vii. B.	3 megabits per second to less than 6 Megabits per second					0.02%
vii. C.	6 Megabits per second to less than 12 Megabits per second					2.60%
vii. D.	12 Megabits per second to less than 25 Megabits per second					21.02%
vii. E.	25 Megabits per second and above					76.36%
viii.	in respect of the Consumer-grade Eligible Services supplied using <b>nbn's</b> Satellite Network during the month of June of the Reporting Year, the average monthly usage of data	15				76.4 GB
ix.	in respect of the Consumer-grade Eligible Services supplied using <b>nbn's</b> Satellite Network during the month of June of the Reporting Year, the following data:					

<sup>14</sup> These figures are taken from **nbn's** Monthly Progress Report June 2022. The percentage of cells in each category is calculated using the number of cells in the relevant category divided by the total number of active cells on the **nbn** Fixed Wireless Network at the end of the relevant month. It is important that this note is read in conjunction with the information on **nbn's** website at [nbn.com.au/updates](http://nbn.com.au/updates)

<sup>15</sup> This is calculated by averaging the total data uploaded and downloaded (in GB) across all Sky Muster<sup>®</sup> and Sky Muster<sup>®</sup> Plus end user services (AVCs) that were active for any period of time during the month of June 2022. When an end user churns from one RSP to another RSP, this is recorded as two separate AVCs in the dataset used for the purposes of this calculation.



Sch. 1(1) Items <sup>4</sup>	Metrics	Note	2019	2020	2021	2022
ix. A.	the total number of <b>nbn</b> Satellite Network faults that impacted end users of <b>nbn's</b> Satellite Broadband Services that first arose within the month	16				15
ix. B	the average time taken for <b>nbn</b> to resolve all <b>nbn</b> Satellite Network faults which affected the supply of <b>nbn's</b> Satellite Broadband Services that first arose within the month	17				182 minutes

<sup>16</sup> These figures are taken from **nbn's** Monthly Progress Report June 2022. This metric identifies the total number of **nbn** Satellite Network faults that impacted end user **nbn** Sky Muster<sup>®</sup> and **nbn** Sky Muster<sup>®</sup> Plus services that first arose within June of the Reporting Year. For the purposes of this metric only, a "fault" means an incident on the **nbn** Satellite Network where one or more Sky Muster<sup>®</sup> and Sky Muster<sup>®</sup> Plus services degrades and does not meet **nbn's** technical criteria and which: (i) **nbn** is responsible; or (ii) is caused by a weather event. This metric indicates the number of incidents where **nbn** has raised an assurance ticket which categorises the incident as affecting multiple end user services for a duration of two or more minutes. This metric does not include outages that are planned or in response to emergencies (and which **nbn** has notified phone and internet service providers), except for the following cases which are reported in this metric, being where the: (iii) duration of the outage is longer or the impact of the outage is more extensive than that described in the outage notice; or (iv) the outage is an emergency outage is required to fix a service fault.

<sup>17</sup> These figures are taken from **nbn's** Monthly Progress Report June 2022. This metric measures the average time taken for **nbn** to resolve all **nbn** Satellite Network faults which affected the supply of **nbn** Sky Muster<sup>®</sup> and **nbn** Sky Muster<sup>®</sup> Plus services that first arose within June of the Reporting Year (including faults which were closed in a subsequent calendar month). The time taken by **nbn** to resolve a network fault is measured from when **nbn** first raises an assurance case for the network fault, until the time **nbn** determines that the network fault has been resolved.



## 4 Defined Terms

Where referenced in this Transparency Report:

- **'Activated Premises'** means those homes and businesses connected to a plan over **nbn's** network through a phone and internet provider.
- **'Active Service'** means an eligible service supplied by **nbn** to a carriage service provider in order that the carriage service provider can provide indirectly or directly, a retail fixed wireless broadband service or a satellite broadband service to an end-user.
- **'Average Daily Downlink Throughput'** means, in respect of a cell on **nbn's** Fixed Wireless Network in a day, the average downlink throughput performance of active **nbn**-supplied fixed wireless services in the busiest hour of that cell in that day (excluding a non-representative performance such as the performance of **nbn**-supplied fixed wireless services subject to a contractually permitted fair use policy measure). Note that the busiest hour can be different for each cell, and the number of active users is used as a proxy to identify the busiest hour (but may not consume the highest level of data for that day). Actual end user speeds will differ to the Average Daily Downlink Throughput of the cell, and are affected by a number of factors including: the particular application being used and how each application manages packet loss, fixed wireless signal levels, demand from end users, end user equipment, **nbn** Fixed Wireless Network design and management, and performance elsewhere on the **nbn** network.
- **'Charge Offset Certificate'** has the same meaning as detailed in section 98 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Cth).
- **'Consumer-grade'** means, in respect of **nbn's** Satellite Network, the **nbn** Sky Muster and **nbn** Sky Muster Plus services, and any other products agreed from time to time in writing to be consumer-grade products.
- **'Eligible Service'** has the same meaning as in section 152AL of the *Competition and Consumer Act 2010* (Cth).
- **'Fixed Wireless Broadband Services'** has the same meaning as given by section 76AB of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Cth).
- **'nbn's Fixed Wireless Footprint'** means the areas of Australia where Eligible Services are available to be supplied, or supplied to, premises using **nbn's** Fixed Wireless Network.
- **'nbn's Satellite Footprint'** means the areas of Australia where Eligible Services are available to be supplied, or supplied to, premises using **nbn's** Satellite Network.



- **'Nominal Funding Entitlement Certificate'** has the same meaning as detailed in section 86 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Cth).
- **'Ready to Connect'** refers to the homes and businesses that can order a plan via a phone and internet provider and connect to **nbn's** network.
- **'Satellite Broadband Services'** has the same meaning as given by section 77 of the *Telecommunications (Consumer Protection and Service Standards) Act 1999*



## 5 Basis of Preparation of Financial Metrics

The financial information in this report has been prepared in line with the following basis of preparation and the NBN Co RBS Transparency Report Regulatory Accounting Manual for the year ended 30 June 2022 to assist NBN to discharge its obligations under Schedule 1(1) iii of the RBS Contract.

### General principles

All revenue and expenditure information for the Reporting Year is extracted from **nbn's** core financial systems. These accounting records provide the basis of the actual financial information presented in the Transparency Report and are reconciled to information presented within **nbn's** Audited General Purpose Financial Statements, which are prepared in accordance with Australian Accounting Standards.

The allocation of directly attributable revenues and expenditures by technology is managed within the data inputs of **nbn's** financial systems. When there is a direct nexus between a revenue or expenditure and the relevant technology, **nbn** will directly attribute these revenues or costs to that specific technology within the accounting ledger. A directly attributable revenue or cost will only be attributed to one category of technology. These allocation processes are subject to internal reviews and controls.

It is important to note that not all items of expenditure can be directly attributed to a single technology. The reported figures within this Transparency Report exclude shared or indirect expenditures (operating and capital expenditures that do not apply wholly and specifically to the **nbn** Fixed Wireless and Satellite Networks). For the avoidance of doubt, no allocation is made for interest expenses and depreciation charges associated with previously incurred **nbn** Fixed Wireless and Satellite Network capital expenditure investments have also been excluded.

**nbn** classifies expenditure as operating or capital expenditure based on Australian Accounting Standards.

In the absence of defined terms in the RBS Contract for the financial metrics, **nbn** has reported based on the following principles:

### *Direct eligible revenue*

The total gross revenue reported in the Transparency Report reflects the aggregate wholesale charges received by **nbn** for the supply of Eligible Services by **nbn** to retail service providers over the **nbn** Fixed Wireless or Satellite Networks (as applicable) in **nbn's** accounting records in the relevant financial year.

The vast majority of **nbn's** revenues are directly attributable to a particular technology as each premises served by the **nbn** network has a final delivery technology.



There are certain aggregated revenue charges for unbundled products or CVC overage charges which are apportioned based upon various customer service area (CSA) and/or RSP active services by technology type ratios.

### ***Direct operating expenditure***

**nbn** manages and records its operating costs across several parameters. Where operating costs are identified as belonging to a specific technology (based on the nature of the cost item), these costs are also recorded against the technology to which they relate. The total direct operating expenditure reported in the Transparency Report only includes operating costs from general ledger line items and cost centres that were fully allocated to either the **nbn** Fixed Wireless or Satellite Network technologies (as applicable) in **nbn's** accounting records in the relevant financial year.

The reportable figures exclude common operating costs shared with other **nbn** access technologies in non-Fixed Wireless and non-Satellite cost centres, such as marketing, corporate property costs, salaries, core IT systems and interest on finance.

For the purposes of the Transparency Report, payments for leased assets including property related to fixed wireless tower and satellite ground station sites, fixed wireless tower co-location arrangements and spectrum licenses, are brought to account on a cash accrual basis and included within direct operating expenditure each year. **nbn** has included these costs within direct operating expenditure as they represent committed cash outflows which are fully attributable to either **nbn's** Fixed Wireless or Satellite Network.

### ***Direct capital expenditure***

Capital expenditure within **nbn** is managed and reported via delivery programs based upon the work being performed. The total direct internal and external capital expenditure reported in the Transparency Report only includes the direct capital costs that were fully allocated to the **nbn** Fixed Wireless or Satellite Network technologies (as applicable) in **nbn's** accounting records in the relevant financial year. The reportable figures exclude any allocation of common capital costs and any depreciation related to capital assets previously constructed as part of the **nbn** Fixed Wireless or Satellite Networks.

Capital expenditure excludes additions of leased assets, gifted assets and items of property, plant and equipment classified as inventories.