

**Special Access Undertaking to the Australian
Competition and Consumer Commission Under
Division 5 of Part XIC of The Trade Practices Act 1974
(Cth) in respect of the Broadband Access Service**

FANOC Pty Limited ("FANOC")

ACN 125 451 363

30 May 2007

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Dated 30 May 2007

BACKGROUND

- A. FANOC expects to supply a listed carriage service or a service that facilitates the supply of a listed carriage service, being the Broadband Access Service.
- B. FANOC gives this special access undertaking pursuant to section 152CBA of Division 5 of Part XIC of the *Trade Practices Act 1974 (Cth)* in relation to the Broadband Access Service.
- C. This special access undertaking specifies certain terms and conditions on which FANOC undertakes to comply with the standard access obligations in respect of the supply of the Broadband Access Service to Access Seekers.

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 The following words have these meanings in this Undertaking unless the contrary intention appears:

Access Period means each of the following periods of time:

- (a) from the Commencement Date until the end of the third full Financial Year following the Service Date (**First Period**);
- (b) from the end of the First Period until the end of the fourth full Financial Year following the end of the First Period (**Second Period**); and
- (c) each successive period starting on the day after the end of the previous period and ending at the end of the fourth full Financial Year after the end of the previous period or, if it occurs earlier, on the last day of the Term of the Undertaking (**Further Periods**).

Access Seeker means a Carrier or Carriage Service Provider to which a FANOC Ownership Entity supplies a BAS Product or which has requested the supply of a BAS Product from a FANOC Ownership Entity

Access Seeker POI for a BAS Product means the POIs for interconnection between the HFTP Network and an Access Seeker's Telecommunications Network, as specified by FANOC in the BAS Specification for that BAS Product.

Actual WACC has the meaning given to that term in Schedule 3

Approved Deployment means a Deployment in a Budget other than a Disputed Deployment.

Approved Expenditure means Expenditure in a Budget other than Disputed Expenditure.

BAS Manager means an entity appointed by FANOC to manage aspects of the operation of the Service Aggregation Network in a manner consistent with this Undertaking

BAS Manager Member means a shareholder of the BAS Manager

BAS Product means a specific access service forming part of the Broadband Access Service that FANOC determines it will offer to Access Seekers at prices and on Non-Price Terms determined in accordance with this Undertaking.

BAS Procedures in relation to a BAS Product means the forecasting, ordering, provisioning, billing and associated procedures for that BAS Product.

BAS Specification in relation to a BAS Product means the product specification for that BAS Product, including its technical and quality of service specifications.

Basic Telephone Access Service means the BAS Product described in Annexure A to Schedule 2.

Broadband Access Service has the meaning set out in paragraph 1 of Schedule 2.

Budget means a budget and business plan for the FANOC Ownership Entities for the construction, ownership, operation, management and associated activities in respect of the Service Aggregation Network prepared on a 4 Financial Year rolling basis and including for each Financial Year during that period, in reasonable detail,:

- (a) a business plan, including plans for:
 - (i) material equipment and other asset acquisitions;
 - (ii) the Deployment Schedule; and
 - (iii) material operational developments;
- (b) Capital Expenditure by reference to the business plan; and
- (c) Operating Expenditure by reference to the business plan.

Business Day means a day other than a Saturday, Sunday or Public Holiday in New South Wales.

Expenditure means Capital Expenditure and Operating Expenditure.

Capital Expenditure has the meaning given to that term in Schedule 3.

Carrier has the meaning given to that term by section 7 of the Telecommunications Act.

Carriage Service Provider has the meaning given to that term by section 7 of the Telecommunications Act.

Carriage Service has the meaning given to that term by section 7 of the Telecommunications Act.

Commencement Date means the date this Undertaking takes legal effect, in accordance with clause 2.1.

Commercially Prudent in relation to an activity means that activity would be undertaken by a prudent Telecommunications Network owner:

- (a) acting in a cost effective manner and in accordance with good industry practice; and
- (b) having regard to the existing and forecast demand and capacity conditions on the Telecommunications Network and the ability to maintain technical and operational quality of services provided over the Telecommunications Network.

Commission means the Australian Competition and Consumer Commission, a body established under section 6A of the TPA.

Control has the meaning given to that term by section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Disputed Deployment means a Deployment (that is not already an Approved Deployment as a result of its incorporation in a previous approved Budget) that:

- (a) is notified by the BAS Manager to FANOC as a Reviewable Component under clause 5.2(d) or which has not been submitted by FANOC to the BAS Manager under clause 5.2; and
- (b) has not been approved by the BAS Manager, the Independent Reviewer or the Commission in accordance with clause 5.2.

Deployment means the construction of the Service Aggregation Network in an area corresponding to an area equal to or larger than an exchange serving area as at the date of this Undertaking.

Deployment Schedule means the schedule for the construction of the Service Aggregation Network by Financial Year and geographic area.

Disputed Expenditure means Expenditure (that is not already approved Expenditure as a result of its incorporation in a previous approved Budget) that:

- (a) is notified by the BAS Manager to FANOC as a Reviewable Component under clause 5.2(d) or which has not been included in a Budget or a Budget Variation submitted by FANOC to the BAS Manager under clause 5.2; and
- (b) has not been approved by the BAS Manager, an Independent Reviewer or the Commission in accordance with clause 5.2,

but excluding Expenditure for Emergency Repairs.

Draft Budget has the meaning given to that term in clause 5.2(a).

Emergency Repairs means maintenance or repair of the HFTP Network of an unanticipated nature and that must be undertaken without delay in order to protect the safety of any person or property or the operation of the HFTP Network or to comply with any law or decision of a Government Agency.

End User POI means:

- (a) the Network Boundary associated with an end user of Carriage Services provided using the Broadband Access Service; or
- (b) such other POI associated with an end user of Carriage Services provided using the Broadband Access Service as is agreed between FANOC and an Access Seeker.

Excluded Product means a BAS Product that the Commission has approved as an Excluded Product in accordance with clause 7.9.

FANOC Component Charge means that part (or parts) of the Total Charge to an Access Seeker for a BAS Product, calculated in accordance with the Pricing Model. A single BAS Product may include a number of FANOC Component Charges, such as a connection charge and/or a fixed monthly charge and/or a usage based charge.

FANOC Ownership Entity means:

- (a) FANOC;
- (b) a Subsidiary of FANOC;
- (c) a trust of which FANOC is the trustee or responsible entity; or
- (d) an entity that is managed by FANOC,

and in the case of paragraphs (c) and (d), that entity:

- (e) owns all or component parts of the Service Aggregation Network;
- (f) has agreed with FANOC to comply with the terms of this Undertaking in respect of that entity's ownership or control of component parts of the Service Aggregation Network; and
- (g) the Commission has approved that entity as a FANOC Ownership Entity for the purposes of this Undertaking.

Financial Year means the 12 month period from 1 July to 30 June or such other financial year as FANOC may adopt for the preparation of its annual financial statements.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, minister, commission, authority tribunal, agency or entity, including the Commission, the Australian Communications and Media Authority and any person empowered under the Telecommunications Act or the TPA.

HFTP Network means the Telecommunications Network described in Schedule 1 comprising the Service Aggregation Network and Third Party Access Services.

Independent Reviewer means a person that is appropriately qualified for the task for which that person is appointed under this Undertaking and that is not one of the following persons:

- (a) employees or officers of, a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate or any of the persons referred to in paragraphs (b) to (f) of this definition;
- (b) material shareholders of a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate;
- (c) persons who are in a position to exercise Control of any of a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate;
- (d) professional advisers of any of a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate;
- (e) persons who are material suppliers of any of a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate; or
- (f) persons who are material customers of any of a FANOC Ownership Entity or the BAS Manager or any of their Related Bodies Corporate.

Independent Report has the meaning given to that term in clause 8.2.

Initial BAS means the BAS Products that will be available to Access Seekers on the Service Date, as set out in paragraph 2 of Schedule 2.

Initial Budget means the Budget for the period from the commencement of construction of the Service Aggregation Network until the end of the First Period.

Local Access Point means an Access Seeker POI described in Schedule 1 as a local access point.

Management Agreement means an agreement between FANOC and the BAS Manager in accordance with which FANOC appoints the BAS Manager to undertake certain operational and management activities in relation to the HFTP Network and BAS Products in a manner consistent with this Undertaking.

Management Principles means the principles regarding the ownership, corporate governance and management of FANOC Ownership Entities and the BAS Manager set out in clause 4.1.

Network Boundary means the point ascertained in accordance with section 22 of the Telecommunications Act.

Non-Price Terms in relation to a BAS Product means:

- (a) the BAS Specifications for that BAS Product;
- (b) the BAS Procedures for that BAS Product; and
- (c) other terms and conditions in relation to the supply of that BAS Product;

provided that they do not affect the price or a charge for the BAS Product or increase the cost of providing the BAS Product or affect a parameter in the Pricing Model.

Opening Capital Asset Value has the meaning given to that term in Schedule 3.

Operating Expenditure has the meaning given to that term in Schedule 3.

Pass Through Component means:

- (a) the amount a ULLS provider charges a FANOC Ownership Entity for access to the ULLS forming part of the HFTP Network (including ULLS monthly and connection charges and any associated ULLS charges);
- (b) any other liability, cost, expense or amount incurred by a FANOC Ownership Entity in connection with a ULLS forming part of the HFTP Network;
- (c) any charge, liability, cost or expense or amount payable by a FANOC Ownership Entity that is similar or equivalent to those described in paragraphs (a) or (b) of this definition; and
- (d) other charges, liabilities, costs, expenses or amounts payable by a FANOC Ownership Entity to a third party for a Third Party Access Service that the Commission has approved as a Pass Through Component.

POI means a point of interconnection.

Pricing Model means the principles and methodology for determining the maximum amount of the FANOC Component Charges for the BAS Products, as set out in Schedule 3.

Reasonable means reasonable within the terms of section 152AH of the TPA.

Records means accounting and other financial information and cost information that is used in the calculations contemplated by the Pricing Model, or from which such information is derived, that is prepared by or on behalf of a FANOC Ownership Entity.

Rectification Notice has the meaning given to that term in clause 4.3(b)(ii).

Reference Price List means a list of indicative FANOC Component Charges and Pass Through Components for BAS Products that is made available to Access Seekers.

Related Body Corporate has the meaning given to that term by section 50 of the Corporations Act.

Reviewable Component has the meaning given to that term in clause 5.2(d).

Service Aggregation Network means that part of the Telecommunications Network described in Schedule 1 (excluding the ULLS and the pillar) that is proposed to be owned by a FANOC Ownership Entity.

Service Date means the date a FANOC Ownership Entity first supplies a Broadband Access Service (whether to itself or to other persons) within the Territory.

Subsidiary has the meaning given to that term by section 46 of the Corporations Act.

Target Operating Expenditure has the meaning given to that term in Schedule 3.

Target Revenue has the meaning given to that term in Schedule 3.

Tax means any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan, withholding, or duty which is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.

Telecommunications Act means the *Telecommunications Act 1997 (Cth)*.

Telecommunications Network has the meaning given to that term by section 7 of the Telecommunications Act.

Term of the Undertaking means the period from the Commencement Date until the expiry of the Undertaking in accordance with clause 2.2.

Territory means Australia.

Third Party Access Services means that part of the Telecommunications Network described in Schedule 1 comprised of Carriage Services provided over a Telecommunications Network owned by persons other than FANOC Ownership Entities, where those Carriage Services are acquired by a FANOC Ownership Entity and incorporated in a BAS Product, including ULLS.

Total Charge means the total charge for a BAS Product to be paid by an Access Seeker including the Pass Through Component and a FANOC Component Charge or a number of FANOC Component Charges.

TPA means the *Trade Practices Act 1974 (Cth)*.

ULLS means an unconditioned local loop service comprising the use of an unconditioned communications wire between an End User POI and a POI with the Service Aggregation Network.

Unanticipated Events means a change or event that was not anticipated by FANOC in making calculations under the Pricing Model for an Access Period and that would be likely, if taken into account together with all other such events, to have the effect of varying the Target Revenue for that Access Period by more than 10%. Examples of Unanticipated Events include material unanticipated changes to:

- (a) legal, regulatory or procedural requirements affecting the management or operation of the HFTP Network, including new legal or procedural requirements resulting from the introduction of a new law, regulation a direction or decision of a Government Agency;
- (b) technology (including technology used in the HFTP Network and in Telecommunications Networks competing with the HFTP Network);
- (c) the price of inputs used in the provision of the Broadband Access Service;
- (d) Taxes relating to the supply of the Broadband Access Service;
- (e) the schedule and geographic scope for the deployment of the HFTP Network; and/or
- (f) the demand for BAS Products.

Undertaking means this special access undertaking given by FANOC to the Commission under Division 5 of Part XIC of the TPA.

Variance Notice has the meaning given to that term in clause 4.3(b)(i).

WACC has the meaning given to that term in Schedule 3.

Yearly Price Calculation has the meaning given to that term in clause 7.5(a).

1.2 In this Undertaking the following rules of interpretation apply unless the contrary intention appears.

- (a) Headings are for convenience only and do not affect the interpretation of this Undertaking.
- (b) The singular includes the plural and vice versa.
- (c) Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (d) A reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including but not limited to a chose in action or other right) includes a part of that thing;
 - (iii) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Undertaking;
 - (iv) this Undertaking includes all schedules and attachments to it;
 - (v) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or

equity and is a reference to that law as amended, consolidated or replaced;

(vi) a monetary amount is in Australian dollars; and

(vii) including is not a term of limitation.

2. **COMMENCEMENT AND DURATION**

2.1 This Undertaking takes legal effect on the date on which this Undertaking is accepted by the Commission under Division 5 of Part XIC of the TPA.

2.2 This Undertaking expires on the earlier to occur of:

(a) 15 years from the Service Date;

(b) 17 years from the Commencement Date; or

(c) termination, withdrawal or replacement of this Undertaking in accordance with the TPA.

2.3 FANOC must notify the Commission of the date that is proposed to be the Service Date at least 10 Business Days prior to that date.

3. **GENERAL UNDERTAKING TERMS AND CONDITIONS**

3.1 FANOC undertakes to the Commission that from the Service Date until the expiry of this Undertaking it will:

(a) be bound by the obligations referred to in section 152AR of the TPA to the extent that those obligations would apply to FANOC in relation to the Broadband Access Service if the Broadband Access Service were treated as an active declared service;

(b) comply with the terms and conditions specified in this Undertaking in relation to the obligations referred to in clause 3.1(a); and

(c) in respect of each BAS Product it supplies to itself or to any other person, supply that BAS Product:

(i) to all Access Seekers that request that BAS Product at charges determined in accordance with this Undertaking; and

(ii) take all reasonable steps to ensure that the technical and operational quality of the BAS Product supplied to each Access Seeker is equivalent to that which FANOC provides to other Access Seekers generally in respect of that BAS Product.

3.2 This Undertaking does not specify all the terms and conditions on which FANOC will comply with the obligations referred to in section 152AR of the TPA in respect of the Broadband Access Service or any BAS Product and additional terms and conditions must be negotiated and agreed between FANOC and an Access Seeker or, failing agreement, determined in accordance with Division 8 of Part XIC of the TPA.

3.3 Nothing in this Undertaking affects any power of the Commission under the TPA:

(a) to declare the Broadband Access Service or any component part of it (including a BAS Product) as a declared service under Part XIC of the TPA; or

- (b) to determine any Non-Price Terms for any component part of the Broadband Access Service (including a BAS Product) under Division 8 of Part XIC of the TPA.

3.4 FANOC acknowledges that nothing in this Undertaking detracts from any power of the Commission in relation to determining appropriate processes and procedures to be followed to ensure that the construction of the Service Aggregation Network occurs in a manner that balances the interests of:

- (a) FANOC and end users in an efficient deployment of the Service Aggregation Network and the efficient provision of BAS Products; and
- (b) Access Seekers and their end users in minimising any disruption or inconvenience to their existing Telecommunications Networks and Carriage Services.

3.5 Except as provided for in section 152CQ(5) of the TPA, nothing in this clause 3 is to be taken as limiting FANOC's or an Access Seeker's rights under Division 8 of Part XIC of the TPA.

3.6 This Undertaking is only in relation to the supply of the Broadband Access Service and is not an undertaking in relation to the supply of each constituent service comprised in the Broadband Access Service or any BAS Product. Nothing in this Undertaking requires FANOC to supply any specific access service other than a BAS Product.

4. **THE MANAGEMENT PRINCIPLES**

4.1 FANOC acknowledges that compliance, from the Service Date, with the following principles relating to the ownership, corporate governance and management of the FANOC Ownership Entities and the BAS Manager are material to the Commission's consideration of whether this Undertaking is Reasonable:

- (a) No FANOC Ownership Entity or Subsidiary of any FANOC Ownership Entity will provide any Carriage Service to any person that is not an Access Seeker.
- (b) No FANOC Ownership Entity will be Controlled by:
 - (i) any one Access Seeker and its Related Bodies Corporate; or
 - (ii) any two or more Access Seekers and their Related Bodies Corporate if they are able to control the determination of material terms for BAS Products set by a FANOC Ownership Entity, and such control is reasonably likely to result in those material terms being determined in favour of the interests of those Access Seekers and contrary to the interests of Access Seekers generally.
- (c) FANOC will not discriminate against an Access Seeker in setting terms for the supply of BAS Products on the basis of whether the Access Seeker or its Related Bodies Corporate are a holder of securities in a FANOC Ownership Entity.
- (d) Each Access Seeker that is not a Related Body Corporate of another BAS Manager Member will be entitled to be a BAS Manager Member. Each BAS Manager Member will be entitled to voting rights at meetings of BAS Manager Members determined in accordance with the following principles:
 - (i) the voting rights of each BAS Manager Member will be weighted by reference to the volume of BAS Products acquired in the previous Financial Year by that BAS Manager Member (and its Related Bodies Corporate) as a percentage of the volume of BAS Products acquired by

all BAS Manager Members (and their respective Related Bodies Corporate), or in the case of the period to the end of first Financial Year of the First Period, as estimated to be acquired in that Financial Year; and

- (ii) the voting rights of each BAS Manager Member will be set at a maximum percentage of the total voting rights of all BAS Manager Members such that no two BAS Manager Members in aggregate hold more than 40% of the aggregate voting rights.
 - (e) The BAS Manager will not be Controlled by:
 - (i) any one Access Seeker or its Related Bodies Corporate; or
 - (ii) any two or more Access Seekers and their Related Bodies Corporate that also have a financial interest in a FANOC Ownership Entity, if such Control is reasonably likely to result in the decisions of the BAS Manager being made in the interests of a FANOC Ownership Entity.
 - (f) The board of directors of the BAS Manager will comprise independent directors and directors nominated by the BAS Manager Members.
 - (g) The Management Agreement will incorporate provisions that contemplate the following:
 - (i) The BAS Manager will be entitled to review and to participate in the preparation of all Budgets and FANOC will consult with the BAS Manager and consider the comments of the BAS Manager in determining Budgets in accordance with clause 5 of this Undertaking.
 - (ii) The BAS Manager will be entitled to prepare and submit to FANOC, for FANOC's approval, the Non-Price Terms for BAS Products in accordance with clause 6 of this Undertaking.
- 4.2 FANOC will ensure that from the Service Date the Management Principles are appropriately reflected in the constituent documents of FANOC Ownership Entities and the BAS Manager and in the Management Agreement.
- 4.3 FANOC agrees that following the Service Date:
- (a) the continued compliance with the Management Principles may have a material impact in relation to whether the terms of this Undertaking continue to be Reasonable;
 - (b) in the event that the ownership, corporate governance or management of FANOC Ownership Entities or the BAS Manager ceases to comply with the Management Principles in any material respect:
 - (i) FANOC will notify the Commission in writing within 30 days of becoming aware of such non-compliance (**Variance Notice**); and
 - (ii) the Commission may, if it determines that this Undertaking is no longer Reasonable as a result of such non-compliance with the Management Principles, provide FANOC with a notice requiring rectification of such of those matters as it may specify (**Rectification Notice**).

- 4.4 If the Commission does not provide FANOC with a Rectification Notice within 20 Business Days of a Variance Notice this Undertaking will continue and the Commission will be taken to have acknowledged that the matters set out in the Variance Notice do not affect whether or not this Undertaking continues to be Reasonable.
- 4.5 If the Commission provides FANOC with a Rectification Notice FANOC must, within 20 Business Days of the date of receipt of the Rectification Notice,:
- (a) rectify its compliance with the Management Principles;
 - (b) give such additional undertakings to the Commission or apply to vary this Undertaking in such manner as the Commission may reasonably require (and which is consistent with the scope and principles of this Undertaking) for the purpose of satisfying the Commission that this Undertaking, together with such additional undertakings or variations, is Reasonable; or
 - (c) notify the Commission of the withdrawal of this Undertaking in accordance with section 152CBI of the TPA.
- 4.6 If FANOC elects to withdraw this Undertaking in accordance with clause 4.5(c) then from the date that is 30 days after the date of the Rectification Notice until the date of withdrawal of this Undertaking FANOC must comply with such additional undertakings as the Commission reasonably requires, (and which are consistent with the scope and principles of this Undertaking), for the purpose of satisfying the Commission that this Undertaking, together with such additional undertakings, is Reasonable.

5. BUDGETS

- 5.1 The provisions in this clause 5 are intended to provide the BAS Manager with a level of oversight of Budgets to ensure that FANOC does not incur material Expenditure where such Expenditure is not Commercially Prudent and it is likely to increase the price of BAS Products under the Pricing Model.
- 5.2 FANOC will observe the following procedures in setting and varying Budgets:
- (a) FANOC will prepare and provide to the BAS Manager:
 - (i) the draft Initial Budget at least 3 months prior to the commencement of construction of the Service Aggregation Network; and
 - (ii) a draft update of the Budget at least 3 months prior to the beginning of each Financial Year,

(Draft Budget).
 - (b) If FANOC proposes to:
 - (i) exceed the Approved Expenditure in a Financial Year by more than:
 - A. in a Financial Year in the First Period, 5% of the aggregate Approved Expenditure in that Financial Year; and
 - B. in a Financial Year in the Second Period and Further Periods, 7.5% of the aggregate Approved Expenditure for that Financial Year and the previous Financial Year; or
 - (ii) add Deployments to the Deployment Schedule that comprise:

- A. in a Financial Year in the First Period, 5% or more by number of additional Deployments for that Financial Year; and
- B. in a Financial Year in the Second Period and Further Periods, 7.5% of the aggregate number of additional Deployments for that Financial Year;

it must submit a Budget variation to the BAS Manager (**Draft Variation**).

- (c) FANOC will consult with the BAS Manager in relation to each Draft Budget and Draft Variation for a period of 20 Business Days from the date it is provided to the BAS Manager.
- (d) The BAS Manager may within 30 Business Days of receiving the Draft Budget or Draft Variation notify FANOC of any Expenditure or Deployment in the Draft Budget or Draft Variation (that is not already Approved Expenditure or an Approved Deployment as a result of its incorporation in a previous approved Budget) that the BAS Manager considers in good faith to not be Commercially Prudent (**Reviewable Component**).
- (e) FANOC and the BAS Manager will consult in good faith in relation to any Reviewable Component for a 15 Business Days after it is notified by the BAS Manager to FANOC. The BAS Manager may approve any varied Reviewable Component in the Draft Budget or Draft Variation, in which event it will become Approved Expenditure or an Approved Deployment (as applicable).
- (f) If FANOC and the BAS Manager are unable to agree on any part of a Reviewable Component by the end of the period referred to in clause 5.2(e):
 - (i) FANOC may submit the Reviewable Component to either the Commission or an Independent Reviewer to determine if the Disputed Expenditure or Disputed Deployment (as applicable) is Commercially Prudent
 - (ii) FANOC will comply with the procedures in clause 10.2 in relation to the determination of the Commission or the Independent Reviewer; and
 - (iii) the Commission or the Independent Reviewer will:
 - A. approve all or part of the Reviewable Component that it determines is Commercially Prudent; or
 - B. reject all or part of the Reviewable Component it determines is not Commercially Prudent.

5.3 FANOC may incur Disputed Expenditure or construct a Disputed Deployment but Disputed Expenditure and Expenditure for a Disputed Deployment will be excluded from the Pricing Model until such time as it becomes Approved Expenditure or Expenditure for an Approved Deployment (as applicable).

6. **BAS PRODUCTS**

6.1 The provisions in this clause 6 are intended to provide the BAS Manager with a level of participation in the introduction, variation and withdrawal of BAS Products and the setting of Non-Price Terms for BAS Products.

6.2 Subject to clause 5.2, 5.3 and 5.4 FANOC may:

- (a) introduce a new BAS Product (including establishing its Non-Price Terms);
 - (b) vary a BAS Product (including varying its Non-Price Terms); or
 - (c) withdraw a BAS Product.
- 6.3 Before introducing, varying or withdrawing a BAS Product FANOC must:
- (a) reasonably consult with the BAS Manager in relation to that introduction, variation or withdrawal; and
 - (b) make available to Access Seekers reasonable notice of that introduction, variation or withdrawal.
- 6.4 Unless approved by the Commission:
- (a) the Basic Telephone Access Service may not be withdrawn or altered in a material respect, during the Term of the Undertaking; and
 - (b) the Initial BAS may not be withdrawn or altered in a material respect during the First Period.
- 6.5 FANOC will request that the BAS Manager develops, in consultation with FANOC and Access Seekers, and submits to FANOC for approval, proposed reference Non-Price Terms for each BAS Product.
- 6.6 FANOC will not withhold its approval to a reference Non-Price Term proposed by the BAS Manager for a BAS Product to the extent that, in FANOC's reasonable opinion, the Non-Price Term:
- (a) is Commercially Prudent;
 - (b) the Expenditure required to effect the Non-Price Term is Approved Expenditure; and
 - (c) it would not adversely affect:
 - (i) the technical and operational quality of the Service Aggregation Network and BAS Products; or
 - (ii) the interests of Access Seekers in using BAS Products.
- 6.7 If the BAS Manager requests the provision of an access service provided over the Broadband Access Service that is not a BAS Product at the date of the request FANOC must:
- (a) consult with the BAS Manager in relation to:
 - (i) whether the requested BAS Product is Commercially Prudent;
 - (ii) whether the Expenditure required to provide the BAS Product is Approved Expenditure;
 - (iii) whether the supply of the BAS Product would adversely affect:
 - A. the technical and operational quality of the HFTP Network and BAS Products; or
 - B. the interests of Access Seekers in using BAS Products;

- (iv) the likely demand for the requested BAS Product; and
 - (v) the likely FANOC Component Charges for the requested BAS Product and the likely change to the FANOC Component Charges for existing BAS Products; and
- (b) reasonably consider providing the requested BAS Product and determine whether or not to provide the proposed BAS Product taking into account the matters referred to in clause 6.7(a).

7. PRICING

7.1 The maximum Total Charge that an Access Seeker is required to pay for a BAS Product will include:

- (a) a FANOC Component Charge or a number of FANOC Component Charges; and
- (b) a Pass Through Component.

7.2 FANOC may vary the maximum Total Charge for a BAS Product at any time, on the provision of 20 Business Days notice to Access Seekers by publication of a Reference Price List, to reflect a change in the Pass Through Component for that BAS Product.

7.3 In the First Period:

- (a) the maximum amount of the:
 - (i) fixed monthly FANOC Component Charge for each Initial BAS will not exceed the maximum amount set out in clause 2.1 of Schedule 3; and
 - (ii) any other FANOC Component Charge for the Initial BAS will reflect the underlying cost of the activity to which it relates and the Commission's power to determine that other FANOC Component Charge in accordance with Division 8 of Part XIC of the TPA is unaffected by this Undertaking;
- (b) FANOC may add new BAS Products at any time; and

7.4 the maximum amount of the FANOC Component Charges for BAS Products (other than the fixed monthly charge for the Initial BAS) may be determined by FANOC in accordance with the Schedule 3 Pricing Model (unless the Commission has approved an alternative pricing method in accordance with clause 7.7). In the Second Period and Further Periods:

- (a) the maximum amount of the:
 - (i) fixed monthly FANOC Component Charge for the Basic Telephone Access Service will not exceed the maximum amount set out in clause 2.1 of Schedule 3; and
 - (ii) any other FANOC Component Charge for the Basic Telephone Access Service will reflect the underlying cost of the activity to which it relates and the Commission's power to determine that other FANOC Component Charge in accordance with Division 8 of Part XIC of the TPA is unaffected by this Undertaking;
- (b) FANOC may add new BAS Products at any time; and

- (c) the maximum amount of the FANOC Component Charges for all BAS Products (other than the fixed monthly charge for the Basic Telephone Access Service) will be determined by FANOC in accordance with the Pricing Model (unless the Commission has approved an alternate pricing method in accordance with clause 7.7).
- 7.5 In each Access Period:
- (a) at the beginning of each Financial Year FANOC will determine the maximum FANOC Component Charges for BAS Products to be provided in that Financial Year (**Yearly Price Calculation**), and will publish a Reference Price List containing such maximum FANOC Component Charges; and
 - (b) any changes to the maximum FANOC Component Charges for existing BAS Products will not take effect until after the provision of 20 Business Days notice to Access Seekers by the publication of a Reference Price List.
- 7.6 The Reference Price List is an indicative list of Pass Through Components and maximum FANOC Component Charges and FANOC may set the charges for BAS Products for each Access Seeker at lower charges than those set out in the Reference Price List and at different charges for different Access Seekers.
- 7.7 If an Unanticipated Event occurs FANOC may request the approval of the Commission:
- (a) to vary one or more of the parameters of the Pricing Model to reflect the impact of the Unanticipated Event from the date it occurs until the end of the Access Period; or
 - (b) for an alternate pricing method to be used for such period as the Commission may approve.
- 7.8 If the Commission gives an approval under clause 7.7:
- (a) FANOC may immediately determine the new maximum FANOC Component Charges for BAS Products, in a manner consistent with the Commission's approval and will publish a revised Reference Price List;
 - (b) any changes to the FANOC Component Charges for existing BAS Products will not take effect until after the provision of 20 Business Days notice to Access Seekers by the publication of a Reference Price List; and
 - (c) any necessary adjustments to be made to the Pricing Model calculations at the commencement of the following Access Period will be made in a manner consistent with the Commission's approval and this Undertaking.
- 7.9 FANOC may seek the approval of the Commission for a particular BAS Product to be an Excluded Product, on the basis that demand for the BAS Product cannot be reliably measured, standardised or forecast, or that the inclusion of that BAS Product would otherwise have an adverse impact on the operation of the Pricing Model, such as a BAS Product that will only be available for a short period of time.
- 7.10 BAS Products which the Commission approves as Excluded Products may be excluded from the Pricing Model in the current Access Period, and may be priced at the discretion of FANOC. Revenues obtained from the supply of any Excluded Products will be deducted from the Opening Capital Asset Value at the beginning of the next Access Period.

7.11 Any new BAS Product that is first provided after a Yearly Price Calculation will be priced as an Excluded Product until the commencement of the period for the next Yearly Price Calculation.

8. **RECORD KEEPING AND REVIEW**

8.1 FANOC will keep, and will require the BAS Manager to keep, full and accurate Records, recorded in a manner that is transparent and auditable, supporting all costs and revenue included in the Pricing Model and will maintain and require the maintenance of those Records throughout the term of this Undertaking.

8.2 At least 6 months prior to the commencement of each Access Period (other than the First Period) FANOC will:

- (a) procure that an Independent Reviewer produces a report (**Independent Report**) that must:
 - (i) in respect of the previous Access Period, confirm that the FANOC Component Charges for all BAS Products were in accordance with the Pricing Model; and
 - (ii) in respect of the next Access Period;
 - A. confirm whether the calculation of the Target Revenue is supported by the Records;
 - B. confirm whether the Opening Capital Asset Value used in the calculation of the Target Revenue is supported by the Records;
 - C. express an opinion in relation to whether the Actual WACC, is higher or lower than the WACC calculated in accordance with the formula in the Pricing Model, and if lower, the value of the Actual WACC; and
 - D. confirm that the Target Expenditure is consistent with the Approved Expenditure.
- (b) provide to the Commission:
 - (i) a calculation of the Target Revenue for each year of the Access Period, including the Opening Capital Asset Value; and
 - (ii) a copy of the Independent Report.

8.3 The Commission may at any time request such Records and other information from FANOC as the Commission reasonably requires to be satisfied that the FANOC Component Charges for all BAS Products are in accordance with the Pricing Model. FANOC must comply with a request under this clause 8.3 as soon as is reasonably practicable.

9. **EQUALITY OF ACCESS TO INFORMATION**

9.1 FANOC will provide all Access Seekers with such information as, in FANOC's reasonable opinion, may be required in order for Access Seekers to make informed decisions in relation to the usage of BAS Products. FANOC will provide all Access Seekers that seek such information with equivalent information in relation to:

- (a) the technical and operational parameters of the Service Aggregation Network;

- (b) the Deployment Schedule for the Service Aggregation Network;
- (c) the BAS Products that are being provided and the current maximum Total Charges for each of those BAS Products; and
- (d) any new BAS Products that have been requested by an Access Seeker.

9.2 Clause 9.1 does not require the provision to Access Seekers of information confidential to any other Access Seeker or which is commercially sensitive to FANOC and which, in FANOC's reasonable opinion, cannot be reasonably protected by confidentiality undertakings. FANOC may require Access Seekers to agree to confidentiality undertakings in respect of confidential information of FANOC provided under this Undertaking.

10. **APPOINTMENT OF INDEPENDENT REVIEWER AND MATTERS SUBMITTED TO THE COMMISSION OR AN INDEPENDENT REVIEWER FOR A DECISION**

10.1 The appointment of each Independent Reviewer for the purposes of this Undertaking will take place in accordance with the following procedures:

- (a) FANOC will propose a person to be the Independent Reviewer after reasonable consultation with the BAS Manager.
- (b) FANOC will provide the Commission with at least 15 Business Days notice in writing of the person proposed to be appointed and information supporting whether that person meets the criterion of an Independent Reviewer.
- (c) If the Commission believes, on reasonable grounds, that the proposed person does not meet the criterion of an Independent Reviewer the Commission may provide FANOC with a statement objecting to that proposed Independent Reviewer and setting out the reasons why it believes the person does not meet those criterion.
- (d) If the Commission objects to an Independent Reviewer in accordance with clause 8.3(c) FANOC will:
 - (i) propose another person to be the Independent Reviewer in accordance with clause 10.1(b), after reasonable consultation with the BAS Manager; or
 - (ii) provide a copy of the Commission's statement to all Access Seekers that acquire BAS Products and provide such Access Seekers with at least 10 Business Days to provide FANOC with written notice whether they object to the appointment and the person may be appointed Independent Reviewer if a majority of Access Seekers acquiring BAS Products by number notify FANOC that they do not object to the appointment.
- (e) If the Commission approves of the proposed Independent Reviewer, or does not respond to a written notification from FANOC under clause 10.1(a) or 10.1(d)(i) within 20 Business Days, the person may be appointed as Independent Reviewer by FANOC.
- (f) The appointment of an Independent Reviewer may be for one or more tasks or from all tasks for an Access Period provided such person meets the criterion of an Independent Reviewer at the time such tasks are undertaken.

10.2 FANOC will comply with the following procedures to determine matters that must be approved by the Commission or an Independent Reviewer under this Undertaking (including approving a Reviewable Component under clause 5.2(f) or a parameter under Schedule 3):

- (a) FANOC will notify the Commission or the Independent Reviewer (as applicable) of the disputed matter and provide a copy of that notice to the BAS Manager.
- (b) FANOC and the BAS Manager will be entitled to make submissions to the Commission or the Independent Reviewer (as applicable) regarding the disputed matter.
- (c) The Commission or the Independent Reviewer (as applicable) will determine all other procedures for settling the disputed matter.
- (d) The Commission or the Independent Reviewer (as applicable) will determine the disputed matter in a manner consistent with this Undertaking and any criterion specified in this Undertaking in relation to the determination of that matter and, if no such criterion are specified, by reference to whether the matter is Reasonable.
- (e) The decision of the Commission or the Independent Reviewer (as applicable) will be final and binding on FANOC.

11. VARIATION, REPLACEMENT, WITHDRAWAL OR EXTENSION OF UNDERTAKING

11.1 Subject to the requirements of section 152CBG and section 152CBI of the TPA, FANOC may at any time during the period of this Undertaking:

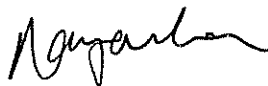
- (a) give the Commission notice seeking approval of a variation or replacement of this Undertaking; or
- (b) by written notice to the Commission withdraw this Undertaking.

11.2 Nothing in this clause 11 is to be taken as limiting FANOC's rights in relation to this Undertaking under Division 5 of Part XIC of the TPA.

11.3 Subject to sections 152CBA(9) and 152CBE of the TPA, FANOC may extend, or further extend, the period of this Undertaking provided that:

- (a) the extension or further extension is approved by the Commission; and
- (b) the Commission has approved the extension or further extension having determined that it is Reasonable.

Signed by an authorised signatory for FANOC Pty Limited in the presence of:



Signature of Witness

Naren Wijeyamohan

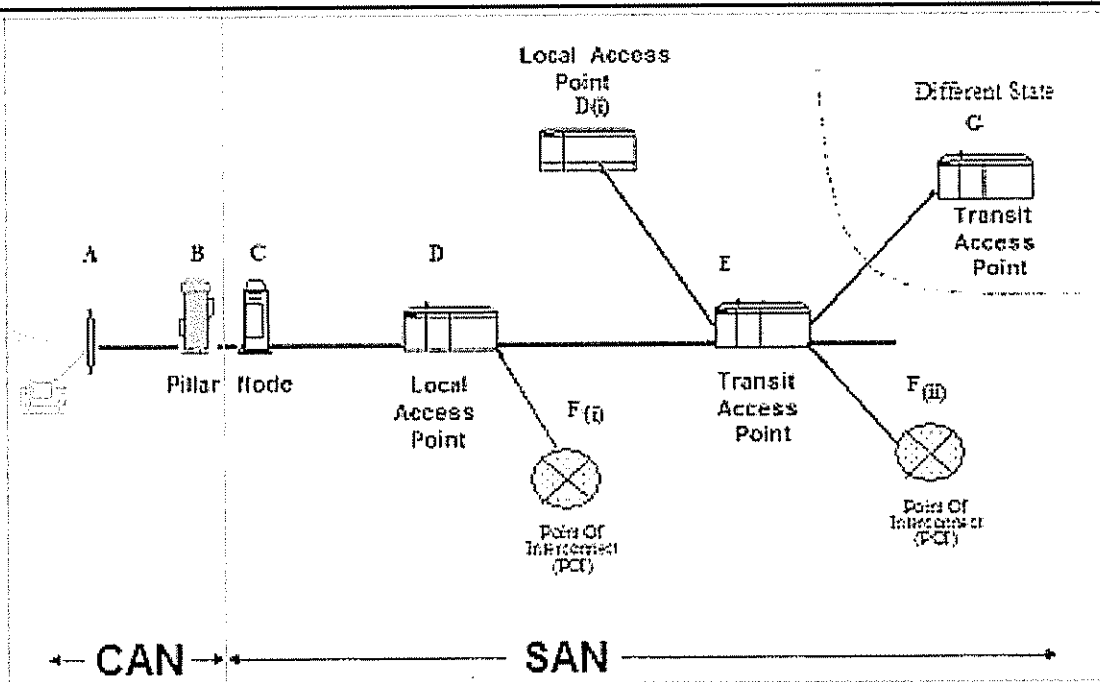
Name of Witness in full



Signature

Schedule 1 - The HFTP Network

1. The Hybrid Fibre Twisted Pair (HFTP) Network is an example of a Fibre To The Node (FTTN) architecture.
2. It is a local access network designed to utilise existing copper (or aluminium) wire from an end user customer to a local access pillar where it is connected to a DSLAM (the node point). The nodes are then connected via transmission systems to local access points (which may be located in TEBA space in Telstra Exchanges) which form the POIs between the HFTP Network and the network of an Access Seeker.
3. Although the design of the HFTP network is complicated, it can be represented as follows:



4. The HFTP uses the customer access network ("CAN") and a service aggregation network ("SAN").
5. The CAN extends between points A and B on the above diagram and is typically made up of:
 - (a) a transport system (copper (or aluminium) wire twisted pair based) between end user customers and pillars (A to B);
 - (b) pillars, each of which aggregates all the transport system links from up to approximately 160 customers (B). This is done to reduce the number of copper (or aluminium) wires required in the next transport system link;
 - (c) a transport system (copper wire based) between pillars and nodes (B to C); and
 - (d) nodes, which concentrate customer access links to ensure efficient use of the capacity in the next transport system link and allow the application of port speed limiting and the application of QoS controls for the aggregate data stream (C).
6. The SAN extends between points C and E (or F) on the above diagram and is made up of:
 - (a) routers at local access points (eg D, E & G);

- (b) transport systems between routers (which are normally optical fibre based systems) (eg C to D, D to E, E to D(i) and E to G); and
 - (c) POIs (eg F(i) or F(ii)) where the Access Seekers can connect to the network as application service providers complying to the interface specifications detailed in the DSL Forum TR-101 Reference Model.
7. The Node provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.
 8. The local access points and transit access points provide bandwidth/QoS policy enforcement, security, multicast control, Ethernet/VLAN aggregation, potential for separate multicast content injection point, resiliency and OAM capability. The various intermediate interfaces within the local access points and transit access points will comply with the DSL Forum TR-101 Reference Model and the DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.

Schedule 2 - Service Descriptions

1. BROADBAND ACCESS SERVICE

The Broadband Access Service comprises any Carriage Service provided by a FANOC Ownership Entity:

- (a) over the HFTP Network; and
- (b) between an End User POI and an Access Seeker POI.

2. INITIAL BAS

The Initial BAS will be:

- (a) the Basic Telephone Access Service as described in Annexure A; and
- (b) the Standard Broadband Services of the following bandwidths:
 - (i) Standard Broadband - 1.5Mbps, as described in Annexure B of this Schedule 2;
 - (ii) Standard Broadband - 6 Mbps, as described in Annexure C of this Schedule 2;
 - (iii) Standard Broadband - 12 Mbps, as described in Annexure D of this Schedule 2; and
 - (iv) Standard Broadband - Unlimited, as described in Annexure E of this Schedule 2.

Annexure A - BAS Specification for the Basic Telephone Access Service

<p>General Product Description</p>	<p>The Service is an access service to allow the provision by an Access Seeker of an IP Telephony based standard telephone service or equivalent service to a residential end user.</p> <p>The Service is provided over the HFTP Network with carriage over ULLS from local pillars (connected to the Service Aggregation Network at the node).</p> <p>The Service is provided using an analogue service from the end-user premises to the node, and using an IP-based service over the Service Aggregation Network.</p> <p>The Access Seeker has network visibility at the DSLAM level supporting first level diagnostics.</p> <p>The Service allows both porting of telephone numbers and new services where an Access Seeker provides the local number (provided by the Access Seeker's Voice Switch).</p> <p>IPND, Directory and Emergency Service databases are to be maintained by the Access Seeker.</p> <p>Directory assisted services are to be provided by the Access Seeker.</p> <p>The Service will require the provision of location and call information by the Access Seeker. The Access Seeker will be required to comply with the <i>Telecommunications (Emergency Call Service) Determination 2002</i> (or any equivalent regulatory requirement), and to enable 13/1300 and 1800 calls to be appropriately routed.</p> <p>The Node will provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.</p> <p>The Local Access Points (or Transit Access Points) will provide Bandwidth/QoS policy enforcement, Security, Ethernet/VLAN aggregation, resiliency and OAM capability.</p>
<p>Service Technical Information</p>	<p>FANOC ULL-Telephony interface is designed to be compatible with analogue telephone instruments conforming to AS/ACIF S002, S004 and AS/NZS 60950-2000 standards.</p> <p>FANOC will comply with ACIF C513:2004 Customer and Network Fault Management Industry Code.</p>
<p>Interfaces</p>	<p>A End: An End User POI; and</p> <p>B End: An Access Seeker POI located at a Local Access Point or such other point as is agreed with the Access Seeker.</p> <p>The various intermediate interfaces within the Local Access Point will comply with the DSL Forum TR-101 Reference Model and the</p>

	DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.
Service performance objectives	To the extent appropriate the Service will comply with any Quality of Service standards for VoIP services that may be specified in a code or standard developed by the Communications Alliance or any similar or equivalent industry or regulatory body.
Selectable Features	Nil Selectable.
Limitations	<p>The ability of Access Seekers to provide retail customer product features, such as those listed below, will depend upon the Access Seeker's voice switch capabilities.</p> <ul style="list-style-type: none"> • LD Preselection • Call Return • Three Way Call • Call Waiting & Display • Call Divert • VoiceMail • Caller ID (Display on Retail User phone) • Silent Number • Calling Number Display (Sending) • priority assistance • complex numbers, including line hunt and indial. <p>Such other limitations and requirements as may be specified by FANOC from time to time.</p>

Annexure B - BAS Specification for Standard Broadband - 1.5Mbps

<p>General Product Description</p>	<p>The Service is Layer 2 point-to-point transmission service, over the HFTP Network with carriage over ULLS from local pillars (connected to the Service Aggregation Network at the node).</p> <p>Retail User PPP encapsulated data is aggregated as L2TP and delivered to the Access Seeker at a Local Access Point.</p> <p>The Service supports ADSL2+ and is backward compatible with ADSL and ADSL2 modems. The Service also provides the Basic Telephone Access Service.</p> <p>The Access Seeker has network visibility at the DSLAM level supporting first level diagnostics.</p> <p>The Node provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.</p> <p>The Local Access Points (or Transit Access Points) provide Bandwidth/QoS policy enforcement, Security, Ethernet/VLAN aggregation, resiliency and OAM capability.</p>
<p>Service Technical Information</p>	<p>Meets:</p> <ul style="list-style-type: none"> • ITU-T 922.1: Asymmetric digital subscriber line (ADSL) • ITU-T 992.3: Asymmetric digital subscriber line transceivers 2 (ADSL2) • ITU-T 922.5: ADSL transceivers – Extended bandwidth ADSL2 (ADSL2+) • ANSI T1.413 Issue 2 (ADSL) <p>FANOC will comply with ACIF C513:2004 Customer and Network Fault Management Industry Code.</p>
<p>Interfaces</p>	<p>A End: End User POI; and</p> <p>B End: An Access Seeker POI located at a Local Access Point as, or such other point as is agreed with the Access Seeker.</p> <p>The various intermediate interfaces within the Local and Transit Access Points will comply with the DSL Forum TR-101 Reference Model and the DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.</p>
<p>Service Performance Objectives</p>	<p>The service will have the characteristics of an ADSL2+ service as defined by the ITU standards set out in the “Service Technical Information” section above.</p> <p>The targeted maximum downstream line speed is 1.5Mbps. The targeted minimum downstream bandwidth is 1.5Mbps, which will be met in most cases. However, there may be rare circumstances when</p>

	the maximum bit rate is less than 1.5 Mbps.
Selectable Features	Nil selectable
Limitations	<ol style="list-style-type: none"> 1. Any speeds represented in the ITU standards or as selectable features above represent maximum line speeds supported and are not a guarantee that this speed will be achieved. 2. Such other limitations and requirements as specified by FANOC from time to time.

Annexure C - BAS Specification for Standard Broadband - 6Mbps

General Product Description	<p>The Service is Layer 2 point-to-point transmission service, over the HFTP Network with carriage over ULLS from local pillars (connected to the Service Aggregation Network at the node).</p> <p>Retail User PPP encapsulated data is aggregated as L2TP and delivered to the Access Seeker at a Local Access Point.</p> <p>The Service supports ADSL2+ and is backward compatible with ADSL and ADSL2 modems. The Service also provides the Basic Telephone Access Service.</p> <p>The Access Seeker has network visibility at the DSLAM level supporting first level diagnostics.</p> <p>The Node provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.</p> <p>The Local Access Points (or Transit Access Points) provide Bandwidth/QoS policy enforcement, Security, Ethernet/VLAN aggregation, resiliency and OAM capability.</p>
Service Technical Information	<p>Meets:</p> <ul style="list-style-type: none"> • ITU-T 922.1: Asymmetric digital subscriber line (ADSL) • ITU-T 992.3: Asymmetric digital subscriber line transceivers 2 (ADSL2) • ITU-T 922.5: ADSL transceivers – Extended bandwidth ADSL2 (ADSL2+) • ANSI T1.413 Issue 2 (ADSL) <p>FANOC will comply with ACIF C513:2004 Customer and Network Fault Management Industry Code.</p>
Interfaces	<p>A End: End User POI; and</p> <p>B End: An Access Seeker POI located at a Local Access Point, or such other point as is agreed with the Access Seeker.</p> <p>The various intermediate interfaces within the Local and Transit Access Points will comply with the DSL Forum TR-101 Reference Model and the DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.</p>
Service Performance Objectives	<p>The service will have the characteristics of an ADSL2+ service as defined by the ITU standards set out in the “Service Technical Information” section above.</p> <p>The targeted maximum downstream line speed is 6Mbps. The targeted minimum downstream bandwidth is 1.5Mbps, which will be met in most cases. However, there may be rare circumstances when</p>

	the maximum bit rate is less than 1.5 Mbps.
Selectable Features	Nil selectable
Limitations	<ol style="list-style-type: none"> 1. Any speeds represented in the ITU standards or as Selectable Features above represent maximum line speeds supported and are not a guarantee that this speed will be achieved. 2. Such other limitations and requirements as specified by FANOC from time to time.

Annexure D - BAS Specification for Standard Broadband - 12Mbps

<p>General Product Description</p>	<p>The Service is Layer 2 point-to-point transmission service, over the HFTP Network with carriage over ULLS from local pillars (connected to the Service Aggregation Network at the node).</p> <p>Retail User PPP encapsulated data is aggregated as L2TP and delivered to the Access Seeker at a Local Access Point.</p> <p>The Service supports ADSL2+ and is backward compatible with ADSL and ADSL2 modems. The Service also provides the Basic Telephone Access Service.</p> <p>The Access Seeker has network visibility at the DSLAM level supporting first level diagnostics.</p> <p>The Node provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.</p> <p>The Local Access Points (or Transit Access Points) provide Bandwidth/QoS policy enforcement, Security, Ethernet/VLAN aggregation, resiliency and OAM capability.</p>
<p>Service Technical Information</p>	<p>Meets:</p> <ul style="list-style-type: none"> • ITU-T 922.1: Asymmetric digital subscriber line (ADSL) • ITU-T 992.3: Asymmetric digital subscriber line transceivers 2 (ADSL2) • ITU-T 922.5: ADSL transceivers – Extended bandwidth ADSL2 (ADSL2+) • ANSI T1.413 Issue 2 (ADSL) <p>FANOC will comply with ACIF C513:2004 Customer and Network Fault Management Industry Code.</p>
<p>Interfaces</p>	<p>A End: Network Boundary of an end user's premises; and</p> <p>B End: An Access Seeker POI located at a Local Access Point, or such other point as is agreed with the Access Seeker.</p> <p>The various intermediate interfaces within the Local and Transit Access Points will comply with the DSL Forum TR-101 Reference Model and the DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.</p>
<p>Service Performance Objectives</p>	<p>The service will have the characteristics of an ADSL2+ service as defined by the ITU standards set out in the “Service Technical Information” section above.</p> <p>The targeted maximum downstream line speed is 12Mbps. The targeted minimum downstream bandwidth is 1.5Mbps, which will be met in most cases. However, there may be rare circumstances when</p>

	the maximum bit rate is less than 1.5 Mbps.
Selectable Features	Nil selectable
Limitations	<ol style="list-style-type: none"> 1. Any speeds represented in the ITU standards or as Selectable Features above represent maximum line speeds supported and are not a guarantee that this speed will be achieved. 2. Such other limitations and requirements as specified by FANOC from time to time.

Annexure E - BAS Specification for Standard Broadband - Unlimited

<p>General Product Description</p>	<p>The Service is Layer 2 point-to-point transmission service, over the HFTP Network with carriage over ULLS from local pillars (connected to the Service Aggregation Network at the node).</p> <p>Retail User PPP encapsulated data is aggregated as L2TP and delivered to the Access Seeker at a Local Access Point.</p> <p>The Service supports ADSL2+ and is backward compatible with ADSL and ADSL2 modems. The Service also provides the Basic Telephone Access Service.</p> <p>The Access Seeker has network visibility at the DSLAM level supporting first level diagnostics.</p> <p>The Node provides VLAN handling, Ethernet/VLAN aggregation, Security, QoS, Multicast / IGMP and OAM capability complying with the Technical Report from the DSL Forum TR-059 DSL Evolution – Architecture Requirements for the Support of QoS-Enabled IP Services.</p> <p>The Local Access Points (or Transit Access Points) provide Bandwidth/QoS policy enforcement, Security, Ethernet/VLAN aggregation, resiliency and OAM capability.</p>
<p>Service Technical Information</p>	<p>Meets:</p> <ul style="list-style-type: none"> • ITU-T 922.1: Asymmetric digital subscriber line (ADSL) • ITU-T 992.3: Asymmetric digital subscriber line transceivers 2 (ADSL2) • ITU-T 922.5: ADSL transceivers – Extended bandwidth ADSL2 (ADSL2+) • ANSI T1.413 Issue 2 (ADSL) <p>FANOC will comply with ACIF C513:2004 Customer and Network Fault Management Industry Code.</p>
<p>Interfaces</p>	<p>A End: Network Boundary of an end user's premises; and</p> <p>B End: An Access Seeker POI located at a Local Access Point, or such other point as is agreed with the Access Seeker.</p> <p>The various intermediate interfaces within the Local and Transit Access Points will comply with the DSL Forum TR-101 Reference Model and the DSL Forum Technical Report TR-058 Multi-Service Architecture & Framework Requirements.</p>
<p>Service Performance Objectives</p>	<p>The service will have the characteristics of an ADSL2+ service as defined by the ITU standards set out in the “Service Technical Information” section above.</p> <p>The targeted maximum downstream line speed is unlimited. The targeted minimum downstream bandwidth is 1.5Mbps, which will be met in most cases. However, there may be rare circumstances</p>

	when the maximum bit rate is less than 1.5 Mbps.
Selectable Features	Nil selectable
Limitations	<ol style="list-style-type: none"> 1. Any speeds represented in the ITU standards or as Selectable Features above represent maximum line speeds supported and are not a guarantee that this speed will be achieved. 2. Such other limitations and requirements as specified by FANOC from time to time.

Schedule 3 - Pricing Model

1. INTRODUCTION

In this Schedule

- (a) a reference to 'price' refers to a FANOC Component Charge; and
- (b) capitalised terms used in this Schedule that are not otherwise defined in the main body or other Schedules of this Undertaking have the meaning set out clause 8 of this Schedule.

2. PRICING IN THE FIRST PERIOD

- 2.1 In the First Period the maximum fixed monthly FANOC Component Charge for the Initial BAS will be as follows (excluding any Pass Through Component), as varied in accordance with clause 5 of this Schedule 3:

Service	Fixed Monthly FANOC Component Charge [\$/month]
Basic Telephone Access Service	10
Standard Broadband - 1.5Mbps	14.23
Standard Broadband - 6Mbps	18.46
Standard Broadband - 12Mbps	26.92
Standard Broadband - Unlimited	35.38

- 2.2 Any Revenue obtained by FANOC in the First Period will be deducted from the Opening Capital Asset Value in the Second Period (as set out in clause 4.1(e) of this Schedule 3).

3. PRICING IN THE SECOND AND FURTHER PERIODS

- 3.1 In the Second Period and Further Periods FANOC must set maximum FANOC Component Charges for:

- (a) the fixed monthly charge for the Basic Telephone Access Service at the FANOC Component Charge specified in clause 2.1 of Schedule 3, as varied in accordance with clause 5 of this Schedule 3; and
- (b) all other BAS Products (other than Excluded Products) and any other FANOC Component Charges for the Basic Telephone Access Service in each year t, that satisfy the Weighted Average Price Cap formula:

$$(CPI_t)(1 - X_t) \geq \frac{\sum_{i=1}^m p_t^i \cdot (Adjusted\ q_{t-1}^i) + \sum_{j=1}^n p_t^j \cdot (Estimated\ q_{t-1}^j)}{\sum_{i=1}^m p_{t-1}^i q_{t-1}^i}$$

Where:

$(CPI)_t$ is the value of the CPI published in the March quarter of year t-1 divided by the value of the CPI published in the March quarter of year t-2.

p_t^i is the maximum price for Product i submitted during year t.

q_{t-1}^i is the quantity of Product i estimated to be actually sold in the year t-1. q_{t-1}^i is based on the most recently available actual sales data pro-rated to the end of year t-1.

Adjusted q^i_{t-1} = q^i_{t-1} if there has been no change in the number and specification of BAS Products other than Excluded Products offered by FANOC in year t. Otherwise, **Adjusted q^i_{t-1}** is equal to the quantity of Product i that it is estimated would have been sold in year t-1 had the change in Product offerings implemented in year t been implemented in year t-1.

Adjusted q^i_{t-1} will be approved by the BAS Manager and, if the BAS Manager does not approve, FANOC will submit this parameter to the Commission or an Independent Reviewer for approval in accordance clause 7.1 of this Schedule 3.

Estimated q^j_{t-1} is equal to the quantity of any Product 'j' introduced in year t that it is estimated would have been sold in year t-1 had Product j been offered in that year (assuming all other Product offerings available in year t were also available in year t-1). **Estimated q^j_{t-1}** will be approved by the BAS Manager and, if the BAS Manager does not approve, FANOC will submit this parameter to the Commission or an Independent Reviewer for approval in accordance with clause 7.1 of this Schedule 3.

m is the number of Products actually sold in year t-1.

n is the number of newly introduced Products in year t.

X_t will be set such that, over the n^{th} access period, the present value of forecast Revenues (based on forecast quantities of Products sold at prices falling by X_t percent in each year t over the Access Period) is equal to the present value of the Target Revenue. Specifically, X_t will be set such that:

$$\sum_{t=Z}^{Z+3} \frac{\sum_{i=1}^m P_{Z-1}^i \cdot q_{t \text{ Forecast}}^i \cdot (1 - X_t)^{t+1-Z}}{(1 + \text{Real Post Tax WACC}_n)^{t+1-Z}} = \sum_{t=Z}^{Z+3} \frac{(\text{Target Revenue Requirement})_t}{(1 + \text{Real Post Tax WACC}_n)^{t+1-Z}}$$

Where:

$t=Z$ refers to the first year of Access Period n.

P_{Z-1}^i = the price of Product i in the last year of Access Period n-1.

$q_{t \text{ Forecast}}^i$ = the Forecast Quantity of sales of Product i in year t of Access Period n.

For all t greater than Z within the Period, X_t must be constant.

- 3.2 The value of $q_{t \text{ Forecast}}^i$ is the probability weighted average forecast of sales of Product i in year t. $q_{t \text{ Forecast}}^i$ will be proposed by FANOC and approved by the BAS Manager. If the BAS Manager does not approve FANOC will submit $q_{t \text{ Forecast}}^i$ to the Commission for approval having regard to historical growth in HFTP Network penetration, forecast changes in coverage and any other matter the Commission considers relevant.

4. DETERMINING TARGET REVENUE REQUIREMENT FOR THE SECOND AND SUBSEQUENT ACCESS PERIODS

- 4.1 FANOC will calculate the Target Revenue for each year of each Access Period following the First Period using the following formulation:

(a) $(\text{Target Revenue})_t = (\text{Target Return on Assets})_t + (\text{Target Expenditure})_t + (\text{Target Return of Capital})_t$

Where:

- (b) All values are expressed in constant dollars of the day on the last day of March in the last year of the previous Access Period. Specifically, values are expressed in real terms, ie, they do not include any increment for forecast inflation over the Access Period.
- (c) **(Target Return of Capital)_t** = the Target Revenues in excess of Expenditures and Target Return on Assets. Target Return of Capital can be negative. Target Return of Capital may be set by FANOC at its discretion provided that it must be set such that the expected Opening Capital Asset Value at the beginning of the third and fourth Access Periods is not less than, respectively 2/3rds and 1/3rds of the Opening Capital Asset Value at the beginning of the Second Access Period, unless otherwise approved by the BAS Manager, an Independent Reviewer or the Commission.
- (d) **(Target Return on Assets)_t** = (Opening Capital Asset Value)_n × (Real Post Tax WACC).

In the First Period the Opening Capital Asset Value is zero. In the Second Period the Opening Capital Asset Value is equal to the Initial Capital Asset Value which is calculated as:

$$(e) \quad \mathbf{(Initial\ Capital\ Asset\ Value)} = \mathbf{(Opening\ Capital\ Asset\ Value)}_1 = (\text{Capitalised Estimated Actual Expenditure})_1 - (\text{Capitalised Estimated Actual Revenue})_1$$

In all Further Periods, the Opening Capital Asset Value is calculated as:

$$(f) \quad \mathbf{(Opening\ Capital\ Asset\ Value)}_n = (\text{Capitalised Opening Capital Asset Value})_{n-1} + [(\text{Capitalised Estimated Actual Expenditure})_{n-1} - (\text{Capitalised Target Revenue})_{n-1}] - (\text{Capitalised Actual Revenue from Disposals})_{n-1} - (\text{Actual Revenue from Excluded Products})_{n-1} + \text{Capitalised} [(\text{Actual Expenditure})_{n-2} \text{ less (Estimated Actual Expenditure)}_{n-2}] + \text{Capitalised} [(\text{Actual Revenue})_1 \text{ less (Estimated Actual Revenue)}_1]$$

Where:

(Opening Capital Asset Value)_n = the Opening Capital Asset Value in Access Period n.

Capitalised means, in relation to determining the Opening Capital Asset Value for the nth Access Period, to carry forward the relevant amounts for both inflation and the Real Post Tax WACC from the year in which they are incurred until the beginning of the nth Access Period. In doing so, it is to be assumed that all revenues/expenditures are received/incurred on the last day of the year in which they are incurred.

Subscripts in relation to expenditures, revenues, and disposals denote the Access Period within which they occurred. For example, **(Capitalised Actual Expenditure)_{n-1}** = the Capitalised Actual Expenditure in Access Period n-1.

Capitalised [(Actual Expenditure)_{n-2} less (Estimated Actual Expenditure)_{n-2}] = the value of Actual Expenditure in period n-2 less the value of Estimated Actual Expenditure capitalised for both inflation and the Real Post Tax WACC to the first day of the nth Access Period.

Capitalised [(Actual Revenue)₁ less (Estimated Actual Revenue)₁] = {0 when n does not equal 2, otherwise, it equals the value of Actual Expenditure in period 1 less the value of Estimated Actual Revenue capitalised for both inflation and the Real Post Tax WACC to the first day of the nth Access Period }

4.2 The Real Post Tax WACC will be determined consistently with the following formula:

$$\text{Real Post Tax WACC}_n = r_e \frac{E}{V} + r_d \frac{D}{V}$$

Where:

- (a) r_d is the real cost of debt calculated as:

an estimate of the yield on nominal Australian dollar denominated debt for corporate entities with an A to AA credit rating from the Rating Agency and a number of years to maturity matching the n^{th} Access Period. This estimate will be made having regard to market data available in the calendar month three months prior to the beginning of the n^{th} Access Period. Relevant market data includes Corporate Debt Yields.

less

an allowance for expected inflation over the n^{th} Access Period. In deriving this estimate regard must be had to an expected inflation estimate derived from the difference in yields between indexed and nominal Commonwealth Government Securities (as published by the RBA) with maturity matching the length of the n^{th} Access Period (or interpolated between maturities of less than and greater than 3 years). Expected inflation is derived from indexed and nominal bond yields using the Fisher Equation where:

$$\text{expected inflation} = (1 + \text{nominal yield}) / (1 + \text{indexed yield}) - 1.$$

This estimate is to be made based on market data prevailing during the month that is three months prior to the beginning of Access Period n .

- (b) r_e is the real post tax return required by equity holders which is to be calculated using the following formula:

$$r_e = r_f + \beta_e (MRP)$$

Where:

- (i) r_f is the equal weighted mean yield on nominal Commonwealth Government Securities with a maturity matching the length of the n^{th} Access Period, equivalent to those published by the RBA as at the date of this Undertaking as "Indicative Mid Rates of Selected Commonwealth Government Securities", during the calendar month three months prior to the commencement of the n^{th} Access Period less the same allowance for expected inflation as calculated in clause 4.2(a);
- (ii) β_e is set equal to the lower of Actual Equity Beta or 1.0; and
- (iii) MRP is deemed to be 6%.
- (c) D/V is the proportion of debt in the capital structure of FANOC Ownership Entities which is deemed to be 60% and E/V is the proportion of equity in the capital structure of FANOC Ownership Entities which is deemed to be 40%.

5. CPI PRICE VARIATIONS AND GST

- 5.1 If this Schedule 3 provides that a maximum FANOC Component Charge may be varied in accordance with this clause 5 it may be varied by FANOC in accordance with the following procedures:

- (a) FANOC may elect to increase the maximum FANOC Component Charge for a BAS Product to reflect changes in the CPI by notifying the BAS Manager.
- (b) If FANOC gives a notice in accordance with clause 5.1(a) then on and from a CPI Increase Date specified in the notice the FANOC Component Charge will be the FANOC Component Charge immediately before that CPI Increase Date multiplied by the Current CPI and divided by the Previous CPI.
- (c) In this clause 5:
 - "CPI Increase Date"** means the first day of each Financial Year.
 - "Current CPI"** means the CPI number for the quarter ending immediately before the relevant CPI Increase Date.
 - "Previous CPI"** means the CPI number for the quarter ending immediately before the last CPI Increase Date (or if there has not been one, the quarter immediately prior to the Service Date).
- (d) FANOC will give 20 Business Days Notice to Access Seekers of a price increase under this clause 5 by publication of a Reference Price List.

5.2 All amounts specified in or calculated in accordance with this Undertaking are exclusive of any applicable GST or similar or equivalent Tax. In this clause 5.2 the following terms have the following meanings:

"GST Act" means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"GST" has the meaning used in the GST Act or any replacement, substitute or other relevant legislation and regulations.

6. SETTING REPLACEMENT BENCHMARKS UNDER THIS SCHEDULE 3

6.1 Where this Undertaking refers to a benchmark value or a value published by a benchmark entity and such a benchmark value or benchmark entity ceases to exist or is no longer consistent with the objectives of the Pricing Model FANOC may, by notice to the BAS Manager, propose to replace that benchmark value or benchmark entity with a comparable benchmark value or benchmark entity selected in good faith by FANOC as being recognised in Australian financial markets.

6.2 If FANOC and the BAS Manager are unable to agree on the replacement benchmark value or benchmark entity then it may be submitted by FANOC to an Independent Reviewer or to the Commission for approval.

7. DETERMINING PARAMETERS UNDER THIS SCHEDULE 3

7.1 FANOC will comply with the following procedures to determine parameters that must be approved by the BAS Manager, and failing the BAS Manager's approval, approved by the Commission or an Independent Reviewer under this Schedule 3:

- (a) FANOC will notify the BAS Manager of the parameter it proposes (and its reasons for proposing that parameter) a sufficient period of time before the parameter is required to be applied under this Schedule for a final parameter to be determined in accordance with these procedures by the date it is required.
- (b) The BAS Manager may within 10 Business Days of being notified of a proposed parameter notify FANOC that the BAS Manager does not agree with that parameter and the reasons it does not agree and proposing any alternative parameters and

underlying reasoning supporting those parameters. If the BAS Manager does not notify FANOC within this period it is deemed to have approved that parameter.

- (c) FANOC and the BAS Manager will discuss in good faith any difference of opinion on any parameter disputed by the BAS Manager under clause 6.1(b) for a period of 10 Business Days.
- (d) If FANOC and the BAS Manager are unable to agree on a parameter then FANOC may refer that parameter to the Commission or an Independent Reviewer for a decision under clause 10.2 of this Undertaking within 20 Business Days.

8 DEFINITIONS

Accounting Standards means in respect of financial statements prepared as at a date **(Relevant Date)**:

- (a) the accounting standards required under the Corporations Act and other mandatory professional reporting requirements issued by the joint accounting bodies as at the Relevant Date (including the Australian Accounting Standards issued as at the Relevant Date either jointly by CPA Australia and the Institute of Chartered Accountants in Australia or by the Australian Accounting Research Foundation on behalf of CPA Australia and the Institute of Chartered Accountants in Australia); and
- (b) if no accounting standard applies under the Corporations Act or other mandatory professional reporting requirements, the principles set out in Australian Statements of Accounting Concepts as at the Relevant Date.

Actual Equity Beta means the actual equity beta for FANOC Ownership entities as established by FANOC in a competitive capital raising process.

Actual Expenditure in relation to an Access Period means all actual Expenditure, incurred during that Access Period. Actual Expenditure will often only be available after the beginning of the next Access Period and, in the interim, Estimated Actual Expenditure is to be used until a later correction is performed.

Actual Revenue in relation to an Access Period means all actual Revenue, excluding Revenue from Excluded Products, received during that Access Period. Actual Revenue will often only be available after the beginning of the next Access Period and, in the interim, Estimated Actual Revenue is to be used until a later correction is performed.

Actual Revenue from Excluded Products means the actual Revenue derived from supply of Excluded Products in Access Period n-1.

Actual WACC means the WACC derived using the Actual Equity Beta in combination with the methodology as set out in clause 4.2 of Schedule 3.

Actual Revenue from Disposals in respect of an Access Period means the actual amount obtained (or the amount forecast to be obtained) in respect of the sale or other disposal of any Relevant Assets that are sold or otherwise disposed of (or are forecast to be sold or otherwise disposed of) during an Access Period.

Capital Asset Pricing Model means the model used to calculate the return required by equity holders in FANOC as set out in clause 4.2(b) of this Schedule 3.

Capital Expenditure means all capital expenditure incurred by a FANOC Ownership Entity in connection with the HFTP Network and/or the provision of the Broadband Access Service including:

- (a) the acquisition costs of the Relevant Assets;
- (b) the installation costs for the Relevant Assets; and
- (c) all other costs in connection with the HFTP Network that FANOC treats as capital expenditure in accordance with the Accounting Standards.

Capitalised means, in relation to determining the Opening Capital Asset Value for the nth Access Period, to carry forward the relevant amounts for both inflation and the Real Post Tax WACC from the year in which they are incurred until the beginning of the nth access period Access Period. In doing so, it is to be assumed that all revenues/expenditures are received or incurred on the last day of the year in which they are incurred.

CPI means the value of the CPI All Groups Consumer Price Index – Average of the Eight State Capitals published by the Australian Bureau of Statistics or any index that replaces it.

Commonwealth Government Security means a certificate of debt issued by the Commonwealth of Australia guaranteeing payment of the original investment plus interest.

Corporate Debt Yields means market data on actual corporate debt yields and data on estimates of average (fair value) debt yields for particular ratings and maturities of corporate debt. Relevant data is of the type collected and published by a number of agencies such as Bloomberg, CBASpectrum, the RBA and a number of investment banks as at the date of this Undertaking.

Estimated Actual Expenditure in relation to an Access Period means the value of all actual Expenditure, incurred during (or estimated to be incurred in the last months of) that Access Period.

Estimated Actual Revenue in relation to an Access Period means the value of all actual Revenue, excluding Revenue from Excluded Products, received during (or estimated to be received in the last months of) that Access Period.

Forecast Quantity for an Access Period means the forecast volume of sales of Broadband Access Services in that Access Period.

Gamma means 0.5 or any lower number approved by the BAS Manager, the Commission or an Independent Reviewer having regard to values of gamma set in regulatory proceedings for other natural monopoly businesses (eg, electricity and gas transport businesses).

Initial Capital Asset Value has the meaning set out in clause 4.1(e) of this Schedule 3.

MRP means market risk premium.

Opening Capital Asset Value means the amount calculated at the beginning of an Access Period in accordance with clause 4.1(f) of this Schedule 3.

Operating Expenditure means all operating expenditure incurred by a FANOC Ownership Entity, in connection with the HFTP Network and the provision of the Broadband Access Service, including:

- (a) labour;
- (b) marketing;

- (c) general administration and overheads;
- (d) materials;
- (e) input costs to the provision of the Broadband Access Service (excluding costs included in the Pass Through Component but including fees charged by the BAS Manager)
- (f) licensing or other government related charges or taxes excluding corporations tax;
- (g) corporations tax less Gamma multiplied by the any imputation tax credits earned in that year;
- (h) insurance premiums; and
- (i) any other operating cost or expense,

but excluding Capital Expenditure and debt expenses.

Product means a BAS Product or a component of a BAS Product for which a separate FANOC Component Charge is applied.

Ratings Agency means:

- (a) the Standard and Poor's rating agency (a division of The McGraw-Hill Companies, Inc) or any successor of such a ratings agency; and
- (b) if such a ratings agency ceases to exist or issue credit ratings, any other agency or organisation which is selected in good faith by FANOC as being recognised in the global financial markets as a major ratings agency.

Relevant Assets means assets owned by FANOC Ownership Entities forming part of or used in connection with the HFTP Network or the provision of the Broadband Access Service

RBA means the Reserve Bank of Australia.

Real Post Tax WACC means the nominal post tax WACC as defined by the formula in clause 4.2 of this Schedule 3.

Revenue means all revenue derived by a FANOC Ownership Entity for BAS Products.

Target Expenditure means Target Capital Expenditure plus Target Operating Expenditure

Target Operating Expenditure in relation to a particular year means Operating Expenditure that is forecast to be incurred in that year, in accordance with the current Budget.

Target Return on Assets means the forecast return on capital invested calculated in relation to a particular year in accordance with the formula in clause 4.1(b) of this Schedule 3

Target Return of Capital means the target capital depreciated on the Opening Capital Asset Value that is returned to FANOC Ownership Entities as determined under clause 4.1(c) of this Schedule 3.

Target Revenue means the target Revenue determined in accordance with clause 4.1.

WACC means weighted average cost of capital.

Weighted Average Price Cap means the weighted average price cap formula set out in clause 3.1 of this Schedule 3.