

NBN Co Limited

Expenditure Compliance Report

For the period ended 30 June 2014

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 1F.2.1(a) OF NBN CO'S SPECIAL ACCESS UNDERTAKING¹

As Chief Financial Officer, I have not become aware of any matter that would lead me to believe that NBN Co Limited has not maintained, in all material respects, key control procedures that were adequately designed and operated effectively in relation to the requirements of Clause 1F.2.1(a) of the NBN Co Special Access Undertaking for the period 13 December 2013 to 30 June 2014.

Based on my knowledge of the effective operation of the key control procedures over Expenditure Compliance Reporting (as underpinning the control objectives set out in Appendix A), and on the basis that nothing has come to my attention that causes me to believe anything to the contrary, the Capital Expenditure proposed for inclusion in the RAB was in all material respects:

- incurred in accordance with the Prudent Cost Condition and the Prudent Design Condition; or
- incurred between the Cost Commencement Date and the SAU Commencement Date or in connection with one of the matters specified in clause 1D.3.2(a)(ii).

Based on my knowledge of the effective operation of the key control procedures over Expenditure Compliance Reporting (as underpinning the control objectives set out in Appendix A), and on the basis that nothing has come to my attention that causes me to believe anything to the contrary, the Operating Expenditure proposed for inclusion in the ABBRR was in all material respects:

- incurred in accordance with clause 1E.8.3; or
- incurred between the Cost Commencement Date and the SAU Commencement Date or was incurred
- in connection with one of the matters specified in clause 1E.8.2(a)(ii).



Stephen Rue

Chief Financial Officer of NBN Co

Dated: 30 October 2014

¹ All capitalised terms and clause references are as per the 'NBN Co Special Access Undertaking' as accepted by the ACCC on 13 December 2013

APPENDIX A²

PRUDENT DESIGN

Control objective 1: Capital Expenditure was in all material respects incurred in accordance with the Prudent Design Condition – that is, the Capital Expenditure was materially consistent with or within the scope of the Network Design Rules, a Permitted Variation, or an Endorsed Network Change, or a Network Change as otherwise determined or permitted by the ACCC, including any Regulatory Determination made by the ACCC.

PRUDENT COST

Control objective 2: Capital Expenditure was in all material respects incurred in accordance with the Prudent Cost Condition; and the relevant contract pursuant to which the Capital Expenditure was incurred was entered into in accordance with NBN Co's procurement processes, including in accordance with the Procurement Rules.

Control objective 3: Operating Expenditure was in all material respects incurred in accordance with clause 1E.8.3; and the relevant contract pursuant to which the Operating Expenditure was incurred was entered into in accordance with NBN Co's procurement processes, including in accordance with the Procurement Rules.

² All capitalised terms and clause references are as per the 'NBN Co Special Access Undertaking' as accepted by the ACCC on 13 December 2013