



## Agenda and meeting summary – NBN Building Block Model Working Group

Meeting date	2:00pm to 4:00pm, Thursday 14 October 2021
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#	Item
1	Attendance and apologies
2	Review of actions from last meeting
3	Discussion on one of the proposed building block models
4	Information requirements and transparency
5	Approaches to new investments and ongoing expenditure
6	Working Group forward work program

**Next meeting scheduled for: 2:00pm to 4:00pm, Thursday 11 November 2021**

### Meeting summary

The Chair welcomed attendees to the meeting. The first item for discussion related to an indicative building block model developed by NBN Co. NBN Co presented the model at the previous meeting and other participants subsequently reviewed the model and circulated a series of questions.

These questions centred around price outcomes, building block model variables and efficiency testing. The discussion in the meeting focused on various elements of the model, including opex and capex values, the risk-free rate, the initial cost recovery account (ICRA), demand forecasts and the weighted average cost of capital.

For the next matter on the agenda, a participant presented a paper on transparency and reporting arrangements. As a result of these discussions, working group attendees requested NBN Co provide more data. This data included information on demand forecasts, some additional information on commerciality and details of any incremental service quality delivered due to additional opex and capex. Additionally, revenue forecasts for each of the core regulated services were also discussed at the working group.

Participants next discussed a paper that sought to reconcile differences between the two building block models that have been submitted to the working group. The paper also

attempted to demonstrate the sensitivity of outputs to different approaches that had been fielded by the working group in past sessions.

The ACCC introduced a discussion on approaches to new investments and ongoing expenditure and noted that this is a workstream that the working group has not yet looked at. It was agreed that the ACCC would provide information to the working group on approaches to assessing expenditure within a building block model context in other regulated industries for discussion at the next meeting.

For the next meeting, discussion will proceed on demand forecasts and asset lives. The ACCC will also prepare an information paper on expenditure and investment.