

# What Concerns Us

- **What I'm here for:**
  - Highlight concerns with the apparent tampering with established **principles** (accounting, tax, SORP, etc, other decisions, established practices)
  - In particular, what appears to be arbitrary and inappropriate classification of refurbishment costs between Opex & Capex
- **What I'm not here for:**
  - to debate the quantum of \$ in Electranet - here to urge the ACCC to follow sound, established principles.

# What is Refurbishment ?

- Expenditure associated with the overhaul of aged assets
- There is “refurbishment” that is Capex - upgrading or extending life, eg. replacing an aged transmission line
- There is “refurbishment” that is Opex - does NOT extend life of asset or upgrade capacity; eg. replacing components to achieve the design life and capacity - note some “real life” examples

# Sticking to Principles

- This distinction is clearly consistent with Australian accounting standards
- ACCC got it right in the Powerlink determination - and both the ACCC and its consultants concluded that Powerlink's split between opex and capex was correct and consistent



# It is important that:

- ACCC is seen to apply its principles consistently across all decisions
- ACCC does not deviate from Accounting Standards and accepted practices

**ACCC should not sacrifice the consistent application of established principles on the altar of expediency**