

A4.3 Glossary of Terms

Notice Reg	A4.3 – Glossary of Terms
Abbreviation or term	Definition
2021H2	Half-year from 01 July 2021 till 31 Dec 2021
2022H1	Half-year from 01 Jan 2022 till 30 June 2022
5YP	Chorus' 5-year plan
Accounting Book	The accounts used to form the statutory accounts
ABF	Air Blown Fibre
Asset class (or "Specific asset class")	An aggregate of many similar assets. An asset class is assumed to have a specific lifetime; assets making up an asset class are assumed to be shared between services in similar ways. The various capital-related quantities within the model such as NBV, lifetime, depreciation, Tax NBV etc are calculated for these asset classes.
Asset purchase timeframe	<p>A group of years. More specifically, for each of the asset class and geography combinations we track metrics for each of 4 particular asset purchase timeframes, which are groups of years as follows:</p> <ul style="list-style-type: none"> • Pre-2012 • Post2012Actuals (i.e. the period for which we have actual data from the accounts: the FAR and the GL) • Post2012Forecasts • PostRAB Assets (in asset classes) purchased in a specific asset purchase timeframe form a block of rows on the vertical axis of the many arrays within the model.
BAU	Business as Usual
BBM	Building Block Model. A means of calculating the annual required revenue for a utility, such that it has the expectation of capital maintenance. It consists of a series of "building blocks" – including depreciation, operating cost, return on capital employed, and (if using a "vanilla WACC", as here) tax allowance.
BW4HANA	The SAP Business Warehouse
Capital Contribution (also abbreviated as CC)	A payment to Chorus required by the Commerce Commission to be netted off from the initial capex associated with an asset purchase.
Chorus UFB	A geography covering premises in UFB candidate areas that are served by Chorus UFB. Note: Within this demand and revenue model and its inputs, the definition of this area is assumed to be static over time: it does not track the network deployment and "grow as the network grows".
CIP	Crown Infrastructure Partners
Contracted FFLAS	The fibre fixed line access services Chorus has to provide under its contractual arrangement with the NZ government in the areas where Chorus is the local fibre company (LFC) under the UFB programme
Cost centres	Cost centres are individual accounts to which costs are booked in the GL.

CTO	CTO is a department within Chorus. It corresponds largely to the IT group considered during the FPP opex allocation
Customer Care	Customer Care is a department within Chorus. It corresponds partly to Customer Services group considered during the FPP opex allocation
Customer Services	Customer Services was a department within Chorus considered during the FPP opex allocation. Its functions have now been split between Customer Care (where the majority now lies), Marketing & Sales, Corporate/Strategy, and CNO
DCF	Discounted Cash Flow. A means of calculating the present value of a series of cash flows.
Demerger	The demerger of Chorus Limited from Telecom
DWDM	Dense Wavelength Division Multiplexing
EPMU	Equi-Proportional Mark-Up
ESA	Exchange Service Area
EoP	End-of-period. All periods in this model are Chorus Financial Years. Note that Chorus FY12 starts 1 Dec 2011 and is only 7 months in duration.
Expense categories	A mutually exclusive and complete division of the operating costs into categories suitable for allocation between in-scope fibre services and other services in the BBM calculations.
FAN	Fibre Access Network
FFLAS	Fibre Fixed Line Access Service
FLA	Financial Loss Asset. Synonymous with Unrecovered Loss (qv).
FY	(Chorus) Financial Year
GBV	Gross book value (in this context, initial purchase cost)
Geography	<p>A grouping of similar areas of New Zealand. Two different sets of geographies are used within this model:</p> <ul style="list-style-type: none"> • A grouping of areas in which the premises are served by different networks (Chorus UFB ("UFB"), LFC UFB ("LFC") or RONZ) based on the assignment of UFB candidate areas to the LFCs • A grouping of ESA areas where Chorus is the main provider of UFB ("Won"), where there is a non-Chorus LFC ("Lost" and where there is no UFB ("Non")
GL	General Ledger
GPON	Gigabit Passive Optical Network
Greenfields	The establishment of new dwellings or premises on previously undeveloped land.
GROWTH function	A function in Excel. This is an exponential growth function for a given set of data. For a given new value of x, it returns the predicted value of y.
IAV	Initial Asset Value. The starting value of the RAB at implementation date.
ID	Information Disclosure
IFRS 15	New Zealand Equivalent to International Financial Reporting Standard 15
IFRS 16	New Zealand Equivalent to International Financial Reporting Standard 16
IM	Input Methodology. The Commerce Commission rules applying to the calculation of the BBM results and the FLA.
ISAM	Intelligent Services Access Manager
LFC	Local Fibre Company – a provider of FFLAS wholesale services, whose network rollout was originally part funded by the Crown under the UFB programme. Chorus is one such LFC. However, the term is often used to refer to non-Chorus LFCs or (more widely) the areas they serve.
LFC UFB ("LFC")	A geography covering premises in UFB candidate areas that are served by LFCs other than Chorus

Lost	The area of New Zealand which is the aggregation of the ESA areas in which the main provider of UFB services is a non-Chorus LFC (i.e. there is UFB present within the ESA but Chorus is not the LFC).
MAR	Maximum Allowable Revenue. The revenue allowed under a BBM. In the model, some named ranges are tagged “MAR” when they refer to the values which are appropriate to use post-implementation.
Main Asset	Used for individual assets and the initial build of an assets that will subsequently be enhanced or expanded
MDF	Main Distribution Frame
MicroNet	An Ericsson System consisting of microducts and cables used by Chorus for the optical fibre distribution network.
MS Access	Microsoft Access is a database management system from Microsoft
“National” geography	A geography within the model; a notional location of the assets in some asset classes. Assets whose location is unknown are reported under this “National” geography. Also, assets whose use supports services on a national basis (e.g. core fibre, aggregation electronics) are not recorded as being in one of the other three geographies (“Won”, “Lost”, “Non”) on the basis of their location, but are reported under this “National” geography.
NBV	Net Book Value
NetMap	Netmap (Network management of assets and plant). NetMAP is a Geographic Information System (GIS) based on GE Smallworld’s Physical Network Inventory (PNI) product. It is used to plan, design, record, analyse and provision our network. It contains a complete topological model of Chorus’ fibre, copper, and duct network.
NFM	Network & Field Maintenance is a department within Chorus. It corresponds more or less to the Network Operations group considered during the FPP opex allocation
Non	The area of New Zealand which is the aggregation of the ESA areas in which there is no provider of UFB services (i.e. there is no UFB within the ESA). There may be FFLAS but not via the UFB programme.
Non-FFLAS fibre	Fibre services that are outside the scope of FFLAS
Non-fibre connections	Copper and other non-fibre connections e.g. VDSL
NPC	Net Personnel Costs
“Lost” area	The area of New Zealand which is the aggregation of the ESA areas in which the main provider of UFB services is a non-Chorus LFC (i.e. there is UFB present within the ESA but Chorus is not the LFC). Not all premises in the ESA are necessarily passed by FFLAS. We call this “unpassed” part of the Lost the “Lost/RONZ” and the LFC part “Lost/LFC”.
OFDF	Optical Fibre Distribution Frame
POLTS	Optical line termination
Pseudo-GBV	In the discussion of some of the calculations of the model we sometimes refer to “Pseudo-GBV” by which we mean the GBV of assets bought in that timeframe and the NBV for assets which already existed at the start of that timeframe. For example, in the Post2012Actual timeframe, the GBV of Post-2012 actual assets is

	depreciated over their full lifetime; the NBV as at the start of the Post2012actual timeframe of pre-2012 assets is depreciated over their remaining lifetime.
RAB	Regulatory Asset Base
RBI	Rural Broadband Initiative
REN	Regional Ethernet Network
RoNZ	Rest of New Zealand. A geography covering premises that are not included in UFB
ribbonet	An Ericsson System consisting of microducts and cables used by Chorus for the optical fibre distribution network.
SAP	The short name for Chorus' main Financial Systems. It stands for" Systems, Applications, and Products in data processing".
Service category	Grouping of connections into service categories (used in the BBM IAV model): Contracted FFLAS, Voluntary FFLAS, non-FFLAS fibre, Copper, Capital contributions
Service grouping by technology	Grouping of individual services into the following groups: GPON FFLAS, PtP FFLAS, Other FFLAS and Non-FFLAS fibre services
SLD	Straight Line Depreciation
SOP	Start of Period (In this context, usually a Chorus Financial Year); these periods are not always 12 months in length)
sub assets	Used for the expansion of an existing asset reflecting the level of location granularity and multi-period timeframe of the projects
Timeframe	A group of years, more specifically a range of years or columns on the horizontal axis of many of the arrays within the model, for which the means of calculation of various parameters (such as depreciation) is similar. Not to be confused with "asset purchase timeframe" which is a range of rows in these same arrays.
Totex	Total opex and annualised capex
TSAP	Telecom SAP. Chorus shared the use of Spark's SAP with Chorus' own SAP financial system going live from July 2014.
TPSA	Telecom Property Services Agreement
TREND function	A function in Excel that computes the linear trend line based on the given set of data. It calculates values of Y for given array values of X and uses the least squares method based on the given two data series
UFB A-D assets	Assets that were built for and used by Contracted FFLAS
UFB E assets	Assets that are used only by voluntary FFLAS
UFB	Ultrafast Fibre Broadband. The name of a NZ governmental programme under which Crown financing was provided to Local Fibre Companies to build and operate wholesale-only FTTH networks in discrete areas covering approximately 75% of the population of New Zealand
UL	Unrecovered Loss. Also known as "Financial Loss Asset". The cumulated sum of the annual shortfall in UFB revenues (relative to that which would have provided capital maintenance for the UFB business) in the pre-implementation period, taking the cost of funding that loss into account. Within the model, some named ranges are tagged "UL" if these are the values that apply pre-implementation when we re calculating the UL. Similar post-implementation ranges are tagged "MAR".
Voluntary FFLAS	The fibre fixed line access services offered by Chorus outside the UFB programme
WIP	Work in Progress.

Won	The area of New Zealand which is the aggregation of the ESA areas in which the main provider of UFB services is Chorus (i.e. there is UFB present within the ESA and Chorus is the LFC).
XDSL	Digital subscriber line