

Chorus Information Disclosure Determination 2018

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The Commission: Dr Stephen Gale

Elisabeth Welson

Dr Jill Walker

Summary of the determination: Under section 156AU of the Telecommunications Act 2001, the Commerce Commission has determined information disclosure requirements applicable to Chorus Limited.

Date: 29 June 2018

CONTENTS

PART 1 1.1 1.2	GENERAL PROVISIONS TITLE, COMMENCEMENT, AND APPLICATION INTERPRETATION	3 3 3	
PART 2 2.1 2.2 2.3 2.4 2.5	DISCLOSURE REQUIREMENTS INFORMATION DISCLOSURE ANNUAL REPORTING REQUIREMENTS ASSURANCE REQUIREMENTS CERTIFICATES AND STATUTORY DECLARATIONS DATA RETENTION REQUIREMENTS	6 6 7 8 9	
PART 3 3.1 3.2 3.3 3.4 3.5	METHODOLOGY REGULATORY REPORTING PRINCIPLES CONSISTENCY WITH OTHER REPORTING DATA SOURCES FOR NON-FINANCIAL DATA PRODUCT STATEMENTS CANDIDATE AREA REPORTING	10 10 10 11 11 11	
PART 4 4.1 4.2	OTHER MATTERS CONFIDENTIAL INFORMATION EXEMPTION PROCESS	12 13 13	
Schedul	e 1: Report on Earnings	14	
Schedul	e 2: Report on Regional Earnings	15	
Schedul	e 3: Report on UFB Fixed Assets and Fixed Asset Movements	16	
Schedul Infrastr	e 3a: Report on Fixed Assets and Fixed Asset Movements for Existing ucture	17	
Schedul	e 4: Report of Fixed Asset Volumes	18	
Schedul	e 5: Report on Product Information	19	
Schedul	e 6: Exception Report on Pricing	20	
Schedul	e 7: Report on Service and Product Performance	21	
Schedul	e 8: Report on Network Capacity and Utilisation	22	
Schedul	e 9: Commentary on Schedules	23	
Schedule 10: Certificate for disclosed information			
Schedule 11: Certificate by technical expert 2			
Schedule 12: Definitions of Terms used in Schedules 1 to 11 26			

PART 1 GENERAL PROVISIONS

1.1 TITLE, COMMENCEMENT, AND APPLICATION

- (1) This determination is the Chorus Information Disclosure Determination 2018.
- (2) This determination comes into force on the day after the date on which notice of it is given in the New Zealand Gazette under section 6(1)(a) of the Act.

1.2 INTERPRETATION

- (1) Unless the context otherwise requires:
 - (a) words appearing in bold type (except for headings) in this determination are defined terms;
 - (b) clause and part headings are for convenience only, and are not to affect this determination's interpretation;
 - (c) a word which denotes the singular also denotes the plural and vice versa; and
 - (d) any reference to a period of time must be interpreted in accordance with section 35 of the Interpretation Act 1999.
- (2) Further technical terms are defined in Schedule 12.
- (3) In this determination –

Act means the Telecommunications Act 2001;

active connection means a connection over which an **RSP** is providing a retail service based on a **product** to an **end user**;

candidate area means either:

- (a) an area identified as a candidate area in the NIPA dated 24 May 2011 and any other area within an LFC fibre network that arise in, is adjoining, or is in close proximity to that area based on consideration of network architecture (eg, point of interconnection) and geographic proximity; or
- (b) an area identified by CIP on or before 25 May 2011 as a candidate area for an LFC fibre network, other than Chorus' LFC fibre network (for example, as published by CIP in a partner fact sheet), and any other area within an LFC fibre network that arise in, is adjoining, or is in close proximity to that area based on consideration of network architecture (eg, point of interconnection) and geographic proximity.

Chorus means Chorus Limited or any subsidiary of, or successor to, that company;

CIP means Crown Infrastructure Partners Limited (formerly known as Crown Fibre Holdings Limited);

Commission means the Commerce Commission established by section 8 of the Commerce Act 1986;

disclosure year means the period commencing on 1 July in any year and ending with 30 June in the following year;

end user has the meaning given in section 5 of the Act;

ICABS means the **Chorus product** also known as Intra Candidate Area Backhaul Service that provides transport between exchanges within a **candidate area**;

ICATS means the **Chorus product** also known as Inter Candidate Area Backhaul that provides transport between points of interconnect in adjacent regions within an island;

LFC fibre network has the meaning given in section 156AB of the Act;

Network Infrastructure Project Agreement or **NIPA** means a Network Infrastructure Project Agreement signed between **Chorus** and **CIP**.

NZ GAAP means New Zealand Generally Accepted Accounting Practice;

operating lease has the meaning given in New Zealand Equivalent to International Financial Standard 16 Leases;

operating revenue means the total revenue from all products;

premises passed means when a premise has been passed with communal infrastructure and is capable of connection from the nearest point to the private boundary or nearest pole;

product means a service in the list of UFB services in **Chorus'** UFB Services Agreement (Price List) with **CIP**, or a **relevant service**;

product statement means a financial statement summarising revenues, expenses, and supporting information for the applicable **disclosure year** in accordance with the form of schedule 5 Report on Product Information;

regulatory reporting principles means those principles described in clause 3.1 of this determination;

relevant service has the meaning given in paragraph (a) of the definition of "relevant service" in section 156AB of the **Act**;

reports on financial costs and characteristics means any or all of the following-

(a) Report on Earnings set out in schedule 1;

- (b) Report on Regional Earnings set out in schedule 2;
- (c) Report on Fixed Assets and Fixed Asset Movements set out in schedule 3;
- (d) Report of Fixed Assets and Fixed Asset Movements for Existing Infrastructure set out in schedule 3a;
- (e) Report on Product Information set out in schedule 5;
- (f) Exception Report on Pricing set out in schedule 6, except where Chorus has identified that it is not required to provide **candidate area** reporting for the Exception Report on Pricing, under 3.5(d)(i).

retail service provider (RSP) means a provider of telecommunications services to end users;

tail extension means **Chorus**' tail extension **products**. This includes the HSNS Premium tail extension and High Speed Network Services (HSNS) Lite tail extension **products**;

technical expert means an officer of, advisor to, or contractor to **Chorus** who has special skills, knowledge and experience relating to the **Chorus fibre network** or other parts of the **Chorus'** business and is qualified to advice on, and certify, information to be provided to the **Commission**;

UFB initiative has the meaning given in section 156AB of the Act.

PART 2 DISCLOSURE REQUIREMENTS

2.1 INFORMATION DISCLOSURE

Subject to any exemptions granted in accordance with clause 4.2, **Chorus** must comply with the information disclosure requirements set out in this determination.

2.2 ANNUAL REPORTING REQUIREMENTS

- (1) No later than 30 November following the end of each **disclosure year**, **Chorus** must:
 - (a) complete the following reports in the format set out in the applicable schedules for that **disclosure year**:
 - (i) the Report on Earnings set out in schedule 1;
 - (ii) the Report on Regional Earnings set out in schedule 2;
 - (iii) the Report on Fixed Assets and Fixed Asset Movements set out in schedule 3;
 - (iv) the Report of Fixed Assets and Fixed Asset Movements for Existing Infrastructure set out in schedule 3a;
 - (v) the Report of Fixed Asset Volumes set out in schedule 4;
 - (vi) the Report on Product Information set out in schedule 5;
 - (vii) the Exception Report on Pricing set out in schedule 6;
 - (viii) the Report on Service and Product Performance set out in schedule 7;
 - (ix) the Report on Network Capacity and Utilisation set out in schedule 8; and
 - the Commentary on Schedules in the form set out in schedule 9;
 - (b) provide an electronic copy of each report required by clause 2.2(1)(a) to the **Commission** as an unlocked file which can be read and manipulated in Microsoft Excel;
 - (c) include in the commentary boxes of schedule 9, commentary on, but not limited to:
 - (i) a summary of the changes made to the procedures or assumptions used to prepare schedules 1 to 8;

- (ii) a description of the impact or effect of those changes on schedules 1 to 8; and
- (iii) commentary on any material event or factor which impacts the costs and characteristics reported in schedules 1 to 8;
- (d) provide the Commission with information about Chorus' LFC fibre network, in summarised form, that is in a format compatible with commercial geographic information systems and must include, at a minimum:
 - information about the routing, topology, capacity and end user active connections of its LFC fibre network, recorded in a generic format used by geographical, or equivalent, information systems mapping software;
 - (ii) a list of all assets in **Chorus' LFC fibre network** to which **Chorus** has a right of use (exclusive or non-exclusive) including right of use assets controlled via an **operating lease**, lease with a term longer than twelve months, or other similar agreement.
- (2) In completing the Exception Report on Pricing in accordance with clause 2.2(1)(a)(vii), **Chorus** must include information on:
 - (a) **retail service providers** that together constitute at least 90% of **Chorus' operating revenue**; and
 - (b) the five largest **retail service providers** by **operating revenue** from **Chorus products**.
- (3) In completing the reports, **Chorus** is required to report on its **LFC fibre network** on an all-of-fibre network basis for reporting on revenue, **other income**, **direct product costs**, fixed asset values and volumes. For the
 avoidance of doubt, this includes information relating to all extensions to the **UFB initiative** and also commercially funded coverage.
- (4) In completing the reports, **Chorus** is not required to disclose revenue from any **relevant services** that are traditionally considered copper services, but were provided to some end users using fibre assets.

2.3 ASSURANCE REQUIREMENTS

- (1) Chorus must provide to the Commission an assurance report for the reports on financial costs and characteristics for that disclosure year that is addressed to the directors of Chorus and to the Commission as the intended users of the assurance report.
- (2) The assurance report required by clause 2.3(1) must be prepared by an **auditor** signed by him or her (either in his or her own name or that of his or her firm), stating:

- (a) the work done by the **auditor**;
- (b) the scope and limitations of the audit;
- (c) the existence of any relationship (other than that of assurance provider) which the auditor has with, or any interests which the auditor has in, Chorus or any of its subsidiaries;
- (d) whether the **auditor** has obtained sufficient information and explanations that he or she has required, and if not the information and explanations not obtained;
- (e) whether in the auditor's opinion, as far as appears from the examination, the information used in the preparation of the reports on financial costs and characteristics has been properly extracted from Chorus' accounting and other records, sourced from its financial and non-financial systems;
- (f) whether, in the **auditor's** opinion, as far as appears from an examination of them, proper records have been kept by **Chorus** so as to enable the complete and accurate compilation of required information;
- (g) whether, in the auditor's opinion, the reports on financial costs and characteristics are prepared in all material respects, in accordance with this determination; and
- (h) that the assurance report has been prepared for Chorus' directors and the Commission for the purpose of providing assurance as to whether the reports on financial costs and characteristics has been prepared, in all material respects, in accordance with this determination.
- (3) In respect of non-financial information, included in the **reports on financial costs and characteristics**, the **auditor** may rely on and refer in their assurance report to records that are certified by **Chorus'** management **technical experts** in accordance with the competency and capability provisions of the relevant International Standard on Auditing (New Zealand).

2.4 CERTIFICATES AND STATUTORY DECLARATIONS

- (1) All information that is provided to the **Commission** under this determination must include a certificate, in the form set out in Schedule 10, duly signed by two directors of **Chorus**.
- The information disclosed to the **Commission** in accordance with this determination must include a certificate(s), in the form set out in Schedule 11, duly signed by a suitably qualified **technical expert** of **Chorus**, certifying that any material assumption or methodology used is objectively justifiable and reasonable, and has been documented in records retained by **Chorus** in accordance with the **regulatory reporting principles**.

(3) For the purposes of sub-clause 2.4(2) the material assumptions and methodologies should include, but not be limited to, any material non-financial and technical assumptions which were used in preparing the information disclosures, any material assumptions regarding allocation of network related costs, and the systems and processes used to prepare material non-financial information disclosed to the **Commission**.

2.5 DATA RETENTION REQUIREMENTS

Chorus must retain copies of all data on which disclosed information is based, and the documentation detailing the internal processes related to the information disclosed for seven years.

PART 3 METHODOLOGY

3.1 REGULATORY REPORTING PRINCIPLES

Except where otherwise expressly provided, all information contained in reports to be provided to the **Commission** in accordance with this determination must be prepared in accordance with the following **regulatory reporting principles**:

- (a) Objectivity. **Chorus** must apply regulatory reporting processes which are objectively justifiable and reasonable. These processes, any changes to them, and any supporting assumptions or data, must be documented such that an informed reader is able to judge their reasonableness.
- (b) Consistency. **Chorus** must treat similar types of information consistently, both within a **disclosure year** and from year to year.
- (c) Use of NZ GAAP. Except where the requirements otherwise provide, Chorus must prepare all financial information disclosure in accordance with the accounting standards applicable for a Tier 1 for-profit entity under NZ GAAP.
- (d) Causality. When attribution is required, **Chorus** must attribute all revenue, expenses, and assets based on the activities, which caused the revenues to be earned, expenses to be incurred, or assets to be used. Any attribution process should be documented in accordance with clause 3.1(a).

3.2 CONSISTENCY WITH OTHER REPORTING

Chorus must:

- (a) in complying with clause 3.1(c), apply the same assumptions and methods used for reporting to CIP, as required by Annexure 2 to schedule 1 of Chorus' NIPA, for that disclosure year or in the absence of any reporting to CIP the assumptions and methods used for statutory financial reporting.
- (b) when non-financial information which is required by this determination is also provided to **CIP**, apply the same assumptions and methods as used for reporting to **CIP**, unless this determination specifically requires otherwise.
- (c) when a term is used in a report disclosed under clause 2.2(1)(a) and the same term is used in the chart of account or another report that **Chorus** provides to **CIP**, apply the same definition or meaning to the term, unless this determination expressly instructs otherwise.
- (d) when completing schedules 3, 3a, and 4, use asset categories which are disaggregated to provide separate information on each of the key components of **Chorus' LFC fibre network**, and, when comparable information is provided to **CIP**, these asset categories should be consistent with those that **Chorus** uses to report to **CIP**.

3.3 DATA SOURCES FOR NON-FINANCIAL DATA

Where material, non-financial data is included in or used to prepare the reports, it must be obtained from:

- (a) regularly updated operational systems; or
- (b) surveys or samples based on generally accepted statistical techniques or similar methods and updated with a frequency proportionate to its importance and potential for material change.

3.4 PRODUCT STATEMENTS

Chorus must, when preparing the **product statements** required by clause 2.2(1)(a)(vi), include:

- (a) five different **products** with individual revenue greater than \$10,000 per annum, if any;
- (b) all **products** that together constitute at least 80% of **Chorus' operating** revenue; and
- (c) all products for which a product statement was disclosed in a prior disclosure year, provided the product continues to contribute to operating revenue.

3.5 CANDIDATE AREA REPORTING

In preparing the reports for schedules 2, 3, 3a, 4, 5, 6, 7 and 8 **Chorus** must complete a separate report for each **candidate area** in which **Chorus** operates its **LFC fibre network** in and:

- (a) Chorus is not required to provide candidate area reporting for the tail extension, ICABS and ICATS products.
- (b) Chorus must allocate each element of its LFC fibre network to the candidate area that it arises in, or is in close proximity to, based on consideration of network architecture (eg, point of interconnection) and geographic proximity.
- (c) In completing the Report on Service and Product Performance, **Chorus** must provide a national level schedule, schedules by **RSP** at a national level, as well as a schedule summarising all required combinations of **candidate area** and **RSP**. This summary schedule must contain all information set out in schedule 7 and be in the same format as used for the 2016 **disclosure year**.
- (d) **Chorus** is not required to provide **candidate area** reporting for the Exception Report on Pricing, if **Chorus** has national level pricing for the **relevant services.**

- (e) If 3.5(d) applies, **Chorus** must:
 - (i) identify that it is not required to provide **candidate area** reporting for the Exception Report on Pricing; and
 - (ii) provide a national level schedule and a schedule summarising all **RSPs** that together constitute 90% of **Chorus'** operating revenue.

PART 4 OTHER MATTERS

4.1 CONFIDENTIAL INFORMATION

- (1) If there is any information in a report to be provided to the Commission under this determination that Chorus considers is commercially sensitive, Chorus must, when disclosing that information to the Commission:
 - (a) clearly identify such information;
 - state the specific reasons as to why the publication of the information would be likely to unreasonably prejudice the commercial position of Chorus and/or another person who is the subject of the information; and
 - (c) provide a certification, in writing, by counsel for **Chorus** that he or she considers that disclosure of the information identified as confidential would be likely to unreasonably prejudice the commercial position of **Chorus** and/or the subject of the information.
- (2) If there is any information in a report to be provided to the **Commission** under this determination that **Chorus** considers should not be published on grounds other than commercial sensitivity, **Chorus** must, when disclosing that information to the **Commission**:
 - (a) clearly identify such information;
 - (b) state the ground(s) under the Official Information Act 1982 for withholding that information;
 - (c) explain why the ground(s) identified under clause 4.1(2)(b) are applicable to the information; and
 - (d) provide a certification, in writing, by counsel for **Chorus** that he or she considers that the relevant ground(s) identified under clause 4.1(2)(b) are applicable to the information.

4.2 EXEMPTION PROCESS

The **Commission** may at any time, on written application by **Chorus**, by written notice to **Chorus**:

- (a) exempt **Chorus** from any or all of the provisions of this determination, for a period and on such terms and conditions as the **Commission** specifies in the notice:
- (b) revoke any such exemption.

Schedule 1: Report on Earnings

SCH ref	For Year Ended Chorus Annual: 30 June 20XX Reporting Level: National SCHEDULE 1: REPORT ON EARNINGS			
	Earnings (pre tax)	(\$000)		
8 9 10 11 12 13 14 15	Revenue Operating revenue Gain / (loss) on sale of assets Other income Total revenue Expense Operational expenditure Overheads	(\$000) - - -		
16	Total operational expenditure			
18 19	Period depreciation	_		
20	Revaluations			
22 23	Earnings before interest and tax	– Page X		

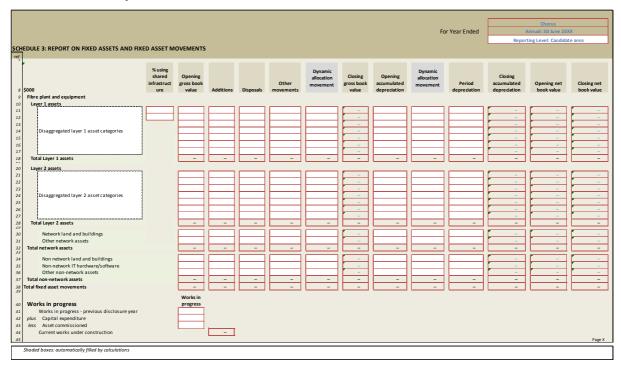
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Schedule 2: Report on Regional Earnings

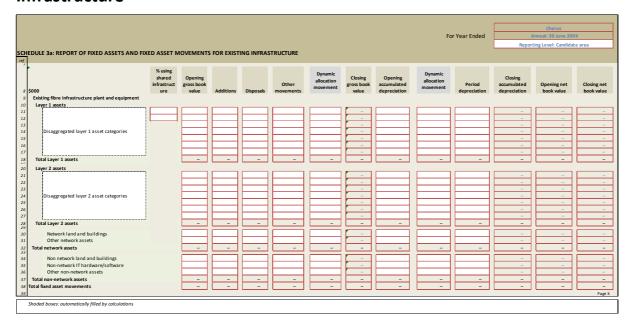
		Chorus	
	For Year Ended	Annual: 30 June 20XX	
		Reporting Level: Candidate area	
SCI	HEDULE 2: REPORT ON REGIONAL EARNINGS		
ref			
	Daviania		(\$000)
8 9	Revenue Product 1		(\$000)
10	Product 2		
11	Product 3	Links to Schedule 5 " Total	
12	Product 4	Revenue" for each product	
13	Product 5	reported	
14	All other products		
15	Operating revenue		_
16 17	Gains / (losses) on sale of assets		
18	Total CA revenue		
19	Expenses		
20	Total direct product costs - Product 1		
21	Total direct product costs - Product 2	Links to Schedule 5 " Total	
22	Total direct product costs - Product 3		
23	Total direct product costs - Product 4	direct product costs " for each product reported	
24	Total direct product costs - Product 5	each product reported	
25	Total direct product costs - All other products		
26	Network related expense		l
27	Layer 1 (duct/pole rental & Ops/Mgt)		
28	Layer 2 (engineering/support staff etc)		
29	Other network (OSS/BSS)		
30	Unallocated network related expense		
31	Lease costs		l
32	Layer 1 leases		
33	Layer 2 leases		
34	Other leases		
35	Non-Network related expenses		
36 31	Total operational expenditure		
38 39	CA Operating surplus / (deficit)		
40	Period depreciation		_
41 42	Revaluations		
43	CA Earnings		_
44			Page X

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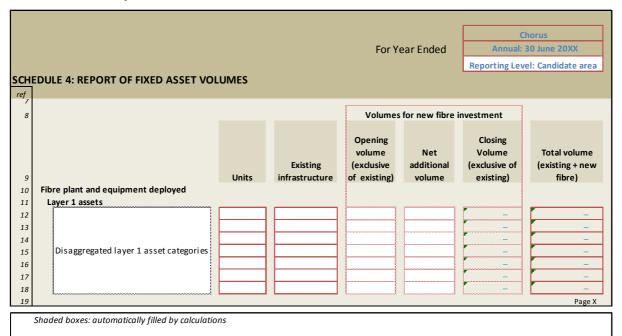
Schedule 3: Report on UFB Fixed Assets and Fixed Asset Movements



Schedule 3a: Report on Fixed Assets and Fixed Asset Movements for Existing Infrastructure



Schedule 4: Report of Fixed Asset Volumes

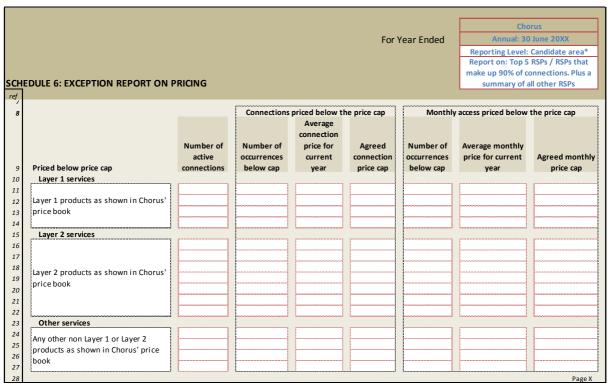


Schedule 5: Report on Product Information

	Chorus		
	For Year Ended	Annual: 30 June 20XX	
		Reporting Level: Candidate area	
		Report on: Top 5 products / products that make up 80% of revenue. Plus a summary of all other products	
SCHE	DULE 5: REPORT ON PRODUCT INFORMA	TION	
ref			
8	E		
9	(\$000)	Current year	Current year - 1
10	Revenue		
11	Connection revenue		
12	Monthly access revenue		
13	Other product specific revenue		
14	Total revenues	_	_
15	Expenses		
16 17	Direct product costs		
18	Non-financial		
19	Connection volumes - opening		
20 21	Connection volumes - closing		
22	Average revenue per connection		
23			Page X

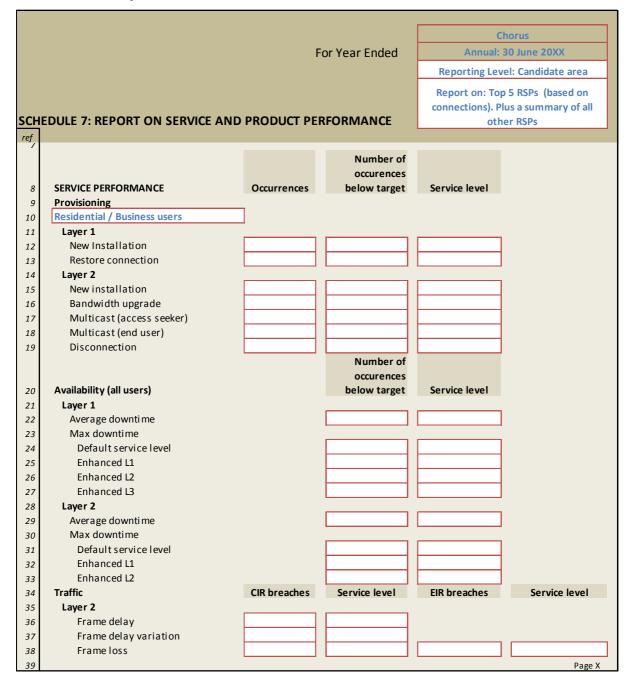
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Schedule 6: Exception Report on Pricing

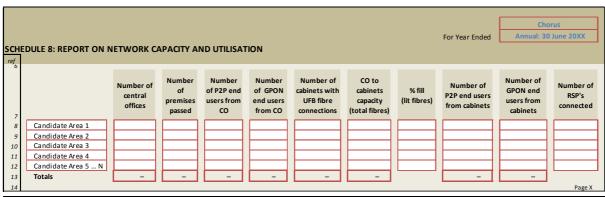


^{*} Refer to the Determination for the criteria regarding when the report is to be reported at national versus candidate area level

Schedule 7: Report on Service and Product Performance



Schedule 8: Report on Network Capacity and Utilisation



Shaded boxes: automatically filled by calculations

^{*} Refer to the phased implementation plan

Schedule 9: Commentary on Schedules

	For Year Ended	Chorus Annual: 30 June 20XX
SCHEDULE 9: COMMENTARY ON SCHEDULES		
Schedule 1: Report on Earnings		
Schedule 2: Report on Regional Earnings		
Schedule 3: Report of Fixed Assets and Fixed Asset Movem	ents	
Schedule 3a: Report of Fixed Assets and Fixed Asset Mover	ments for Existing Infi	rastructure
Schedule 4: Report on Fixed Asset Volumes		
Schedule 5: Report on Product Information		
Schedule 6: Exception report on Pricing		
Schedule 7: Report on Service And Product Performance		
Schedule 8: Report on Network Capacity and Utilisation		
		Page X

Schedule 10: Certificate for disclosed information

We, [insert full names], directors of Chorus Limited, certify that, having made all reasonable enquiry, to the best of our knowledge the following attached information prepared for the purposes of fulfilling the requirements contained in the Chorus Information Disclosure Determination 2018 for the Disclosure Year [insert current disclosure year] in all material respects complies with the Determination —

• [Insert list of information to be certified]

[Signature of two directors]
[Date]

Schedule 11: Certificate by technical expert

I [insert full name], being a [insert role of technical expert] of Chorus Limited, certify that having made all reasonable enquiry, to the best of my knowledge that the following assumptions and methodologies used in preparing the information disclosed to the Commission in compliance with the Chorus Information Disclosure Determination 2018 for the Disclosure Year [insert current disclosure year] are in all material respects objectively justifiable and reasonable, and have been documented in records retained by Chorus Limited in accordance with Part 2 of the Determination, —

• [Insert assumptions and methodologies which are to be certified as objectively justifiable and reasonable and documents, and the disclosed information to which each applies.]

[Signature of technical expert]

[Date]

Schedule 12: Definitions of Terms used in Schedules 1 to 11

This schedule provides definitions for terms used in Schedules 1 to 11 of this determination. Where terms used in the schedules are defined in section 1.2 of this determination but are not defined below, they have the meanings set out in section 1.2 of this determination. Otherwise, unless defined below, terms used in the schedules have meanings consistent with industry practice.

% fill (lit fibres) means the percentage of total fibres that are lit;

% using shared infrastructure means the percentage of cables that have been installed using shared infrastructure;

additions means assets added to the fixed asset register during the disclosure year;

agreed connection price cap refers to the price cap agreed to by **Chorus** and **CIP** for the one-off payment made by an **RSP** to **Chorus** for connection of an UFB service;

agreed monthly price cap refers to the price cap agreed to by **Chorus** and **CIP** for the recurring amounts payable by an **RSP** to **Chorus** for a UFB service;

asset commissioned means assets that are completed and moved to the fixed asset register;

auditor means, in relation to any information, a person who:

- (a) is qualified for appointment as an **auditor** under the Companies Act 1993 or successor legislation;
- (b) has no relationship with, or interest in, **Chorus** that is likely to involve the person in a conflict of interest;
- (c) has not assisted with the compilation of the information or provided advice or opinions on the methodologies or processes used in compiling the information, other than in relation to audit reports or in respect of the interpretation of this determination; and
- (d) is not associated with nor directed by any person who has provided any assistance, advice, or opinion referred to in (c);

average connection price for current year means the total average connection price for the **relevant service** or **product** during the **disclosure year**;

average downtime (hours) is equal to the total downtime (measured in hours) divided by **occurrences**;

average monthly price for current year means the average monthly price paid for the relevant service or product during the disclosure year;

average unit price means the average price paid for each unit acquired or sold in a transaction between **Chorus** and a related party, or, in relation to **overheads**, the average monthly fee;

bandwidth upgrade refers to the service level for a bandwidth upgrade of layer 2 services described in appendix 1 to schedule 5 of Chorus' NIPA;

capital expenditure means the additional capital invested in assets that are still **works in progress**;

central office means a physical building used to house a termination point of **Chorus' LFC fibre network**;

CIR breaches means the number of times **Chorus** does not meet the committed information rate **service level** for a performance element as described in schedule 5 of **Chorus' NIPA**;

closing accumulated depreciation means the cumulative depreciation at the end of the **disclosure year**, including **period depreciation**;

closing net book value means the gross book value less the opening accumulated depreciation, plus any additions, and less any disposals, other movements, and period depreciation;

CO to cabinet capacity (total fibres) means the total number of fibres (dark & lit) from the **central office** to the cabinet;

connection revenue means the one-off amounts payable by an **RSP** to **Chorus** for connection of a UFB service;

connection volumes – closing means the number of revenue-generating UFB service connections at the end of the **disclosure year**;

connection volumes – opening means the number of revenue-generating UFB service connections at the beginning of the **disclosure year**;

connections priced below the cap means connections that are priced below the price cap agreed to by **Chorus** and **CIP** for the one-off payment made for connection of a UFB service;

current year means the current **disclosure year**;

default service level refers to the default **service level** for maximum downtime described in appendix 1 to schedule 5 of **Chorus' NIPA**;

description of transaction means a brief description of the transaction with a related party, including the goods or services provided to or by the related party as part of that transaction;

direct product costs means those operating costs that relate to a specific UFB **product** or service;

disconnection (layer 2) refers to the disconnection **service level** described in appendix 1 to schedule 5 of **Chorus' NIPA**;

disposals means the assets sold or disposed of from the fixed asset register during the **disclosure year**;

EIR breaches means the number of times **Chorus** does not meet the excess information rate **service level** for a performance element as described in schedule 5 of **Chorus' NIPA**;

enhanced L1 refers to the enhanced **service level** 1 for maximum downtime described in appendix 1 to schedule 5 of **Chorus' NIPA**;

enhanced L2 refers to the enhanced **service level** 2 for maximum downtime described in appendix 1 to schedule 5 of **Chorus' NIPA**;

enhanced L3 refers to the enhanced **service level** 3 for maximum downtime described in appendix 1 to schedule 5 of **Chorus' NIPA**;

entities involved in related party transactions means information containing the names of **related parties** and a description of the relationship between **Chorus** and the related party;

existing infrastructure means the existing communal infrastructure, existing **layer 2** infrastructure and existing **end user** specific acquired by **Chorus** from the contractor in accordance with the asset transfer agreement;

frame delay means the measurement of how long an ethernet frame takes to traverse part of the network, typically from the user network interface to the point of interconnect;

frame delay variation means the amount at which the **frame delay** is allowed to vary across multiple **frame delay** measurements;

frame loss means the amount of in-profile frames that are dropped between ingress and the point of measurement, typically the point of interconnect. Measured as a percentage;

gross book value means the original (historical) price paid for an asset, without any depreciation deduction; **layer 1** means layer 1 of the OSI Model, which is normally associated with passive fibre optic network infrastructure;

layer 1 (duct/pole rental & ops/mgt) means the expenses associated with the operation and maintenance of **layer 1** assets;

layer 1 leases means the operating lease costs associated with layer 1 assets;

layer 2 means layer 2 of the OSI Model, which is normally associated with active fibre optic network infrastructure;

layer 2 (engineering/support staff) means the expenses associated with the operation and maintenance of **layer 2** assets;

layer 2 leases means the operating lease costs associated with layer 2 assets;

monthly access revenue means recurring amounts payable by an **RSP** to **Chorus** for a UFB service;

multicast (access seeker) refers to the service level for provisioning a multicast service for an access seeker described in appendix 1 to schedule 5 of Chorus' NIPA;

multicast (end user) refers to the service level for provisioning a multicast service for an end user described in appendix 1 to schedule 5 of Chorus' NIPA;

net additional volume means the additional units added to the **layer 1** asset during the **disclosure year**;

new installation (layer 1) refers to the **service level**s for the provisioning of dark fibre access for a new connection as described in appendix 1 to schedule 5 of **Chorus' NIPA**;

new installation (layer 2) refers to the **service levels** for **layer 2** services ordered in relation to a new connection as described in appendix 1 to schedule 5 of **Chorus' NIPA**;

non-network related expenses means the expenses associated with the operation and maintenance of all non-network assets;

number of occurrences below target means the number of times **Chorus** does not meet the **service level** for a performance element as described in schedule 5 of **Chorus' NIPA**;

number of cabinets with UFB fibre connections means the number of cabinets in a **candidate area** that are used to connect UFB services;

number of GPON end users from cabinets means the number of connected GPON end users from all cabinets in a **candidate area**;

number of GPON end users from CO means the number of GPON end users in a **candidate area** that are connected directly to the **central office** (ie not via a cabinet);

number of occurrences below cap means the number of times a **layer 1** service or **layer 2** service is purchased by a **RSP** at a price below the agreed price cap with **CIP**;

number of P2P end users from cabinets means the number of connected P2P end users from all cabinets in a **candidate area**:

number of P2P end users from CO means the number of P2P end users in a **candidate area** that are connected directly to the **central office** (ie not via a cabinet);

number of premises passed means the number of premises that have been passed with communal infrastructure and are capable of connection from the nearest point to the private boundary or nearest pole;

number of RSPs connected means the number **retail service providers** paying for services in a **candidate area**;

occurrences means the number of times the performance element has happened;

opening accumulated depreciation means the cumulative depreciation of an asset at the beginning of the **disclosure year**;

opening volume (exclusive of existing) cumulative volume of units of a UFB **layer 1** asset excluding any **existing infrastructure** volume;

other income means any income not generated from the sale of UFB **products** to **RSPs**;

other leases means the **operating lease** costs associated with all assets that are not **layer 1** or **layer 2** assets;

other movements means any asset movements not included in the **additions** or **disposals** asset movements;

other network assets means all assets necessary for the operation of the network not included as **layer 1**, **layer 2**, or network land and building assets;

other network (OSS/BSS) expenses means the expenses incurred in the operation and maintenance of network assets;

other non-network assets means all non-network assets not included in non-network land and buildings and non-network IT hardware/software;

other product specific revenue means any other revenues relating to a specific UFB service not captured in the **connection revenue** and **monthly access revenue** categories;

other related party transactions (as per GAAP) means related party transactions which are not related party transactions (as per undertakings);

overheads means any operational expenditure that is incurred predominantly with respect to administration functions, but is not directly incurred in the operation and maintenance of assets necessary for the provision of specific UFB services, and excludes any operational expenditure otherwise included in any other category on Schedule 2;

period depreciation means the value of depreciation calculated for the **disclosure year**;

restore connection means the time taken to restore any connection which is subject to downtime;

revaluations are to be used in accordance with NZ GAAP;

service level means the applicable service level metric in relation to a **relevant service** agreed between **Chorus** and **CIP**;

unallocated network related expense means a network related expenses that cannot be itemised solely as layer 1 (duct/pole rental & ops/mgt), layer 2 (engineering/support staff) or other network (OSS/BSS) expenses;

works in progress means work that has not been completed but has already incurred a capital investment;

works in progress - previous disclosure year means the works in progress balance carried over from the previous disclosure year.