1 July 2013

Specified Information Instructions

Instructions for preparing specified information under section 83 to identify a qualifying liable person's qualified revenue for the purposes of the Telecommunications Development Levy

1. These instructions provide guidance for parties seeking to comply with the information disclosure requirements in section 83 of the Telecommunications Act 2001 (the 'Act').

2. Each year the Commerce Commission (the 'Commission') identifies a group of telecommunications service providers (TSPs) who are liable to pay a portion of the annual Telecommunications Development Levy (TDL). A list identifying these TSPs is produced at the end of June, and these parties are known as qualifying liable persons (QLPs). This list of qualifying liable persons for the 2012/13 TDL has been provided on the Commission's website.[1]

3. Each QLP is required to provide specified information that helps identify their estimated qualified revenue total, and this information is used by the Commission to assist in determining the QLP's portion of the TDL.[2] In accordance with section 83 of the Act, the specified information is due 60 working days after the end of the financial year (30 June).

4. These instructions provide guidance on what the specified information required under section 83 includes and how it is to be presented.

5. Along with these instructions and the List of Qualifying Liable Persons, a set of templates and relevant statutory references have also been made available on the Commission's website. We recommend QLPs utilise these materials as they have been designed to properly meet the Commission's requirements. Specific instructions for using the templates are provided in this document.

Interpretation

6. For the purpose of these instructions, 'specified information' includes information used to identify a QLP's qualified revenue.

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[1] A qualifying liable person is a person or company that meets the criteria set out in section 81(1) of the Act, thereby having earned more than $10 million in telecommunications revenue (either independently or alongside a group of companies connected via significant shareholding interests) in the year preceding the year under review.

[2] Specified information is information that is specified by the Commerce Commission under section 83(1)(a) for the purpose of enabling the Commission to make its determination in accordance with section 88(a) of the Act.

7. Qualified revenue is the amount of revenue that, during the 2012/13 financial year (1 July to 30 June), the QLP received from supplying all or any of the following:

   7.1 'telecommunications services' by means of its public telecommunications network (PTN); and

   7.2 'telecommunications services' by means that rely primarily on the existence of its PTN or any other PTN.

8. Qualified revenue does not include revenue acquired by payment from the Crown to a QLP as compensation for the cost of complying with a TSO instrument that contains a specified amount. This type of revenue is expressly excluded in the definition of qualified revenue in section 5 of the Act.

9. Qualified revenue also excludes non-telecommunications services revenue (such as broadcasting), payments for telecommunications services between QLPs and in some specific circumstances payments to non-QLPs for telecommunications services purchased from another QLP.

10. It is considered for the purposes of these instructions that 'telecommunications services' (as defined in section 5 of the Act) can only be services (rather than goods, equipment and facilities), as goods, equipment and facilities cannot be supplied by means of a PTN or by means that rely primarily on the existence of a PTN.

11. All specified information used to identify qualified revenue must be calculated on an accruals basis.

12. For the purpose of these instructions, 'end-user equipment' means any or all handsets, tablets, USB modems, other consumer equipment, and business and other office end-user equipment.

13. Except where otherwise expressly provided, all information provided to the Commission in accordance with these instructions must be prepared in accordance with the following principles.

    13.1 Correct: the information has been prepared by the company in all material respects in accordance with these instructions, and disclosure must occur in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

    13.2 Complete: the company has provided all the information requested, in an appropriate format.

    13.3 Objectivity: the company 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 in such a way that an informed reader can easily judge their reasonableness.

13.4 Consistency: the company must treat similar types of information consistently, both within a reporting year and from year to year.

13.5 Data retention: the company must retain copies of all documentation detailing the processes related to information disclosed for seven years.

Operational changes for QLPs

14. The Commission acknowledges there will be situations where a QLP may cease trading during a financial year, or cease to operate the telecommunications component of their business.

15. If a QLP ceased trading or operating a component of a PTN in the 2012/13 financial year, they will continue to have liability for the TDL in that year. This is because the QLP would have met the qualifying criteria in the preceding financial year, and will have some qualified revenue for the 2012/13 year. Only the revenue earned during the period that the provider was a liable person (as defined in section 5 of the Act) needs to be counted as qualified revenue.

Instructions for completing the templates

Template 1: Consolidated Return & Qualified Revenue Calculation

16. Template 1 requires the QLP to:

16.1 provide information about whether the disclosure is a consolidated return which applies to more than one QLP; and

16.2 provide a calculation of the QLP's qualified revenue for the 2012/2013 financial year.

Template 1a: Consolidated Return

17. Under the heading 1a: Consolidated Return QLPs (captured by section 79 of the Act) are required to identify in the drop-down box, if they are filing a consolidated return, and if so, state which parties are included in the consolidated return. Section 79 of the Act identifies when the Commission must treat two or more corporate bodies as one person.[3] The List of Qualifying Liable Persons gives an indication of whether the company is captured by section 79 and if so, who the other parties are that the company is associated with.

[3] For example, section 79(1)(e) of the Act provides that any two or more bodies corporate must be treated as one person if a third person owns or controls shares in each of them that carry the right to exercise, or control the exercise of, 20% or more of the voting power at meetings of each of them.

Template 1b: Qualified Revenue

18. To calculate its estimate of qualified revenue, the company must first calculate gross telecommunications services revenue, that is, the company's operating revenue:

    18.1 less any non-telecommunications services revenue, and

    18.2 allowing for any timing adjustments which arise should the company have a statutory year end which differs from the financial year ending 30 June 2013 that is used for calculating qualified revenue.

19. The company must then net off from the gross telecommunications services revenue total, the following items:

    19.1 the total of any payments made to other QLPs (which is calculated in Template 2);

    19.2 the total of any payments made to non-respondents for services initially provided by a respondent (which is calculated in Template 3); and

    19.3 in specified circumstances, the cost of any non-telecommunications goods and services (eg, handsets in discounted bundles with telecommunications services) for which the revenue is included in gross telecommunications services revenue.

20. The company's qualified revenue for the 2012/13 financial year is calculated in accordance with the formulas in Template 1, which are summarised in Table 1.

21. Table 1 is provided to assist the company in calculating its qualified revenue and as such, is for information and explanation purposes only. The information required to be provided to the Commission is that set out in Template 2.

Table 1: Calculating Qualified Revenue

Step		Disclosed Items	Value	Value	Formula
a		Operating revenue as per the relevant statutory accounts		$ a	
b		Non-telecommunications services revenue,(if any)	$ b		
c		Other non-telecommunications services revenue	$ c		
d	less	Total non-telecommunications service revenue, sold separately		$ d	d = b + c
e	plus	Timing adjustment (if required)		$ e	
f		**Gross telecommunications services revenue**		**$ f**	f = a - d + e
g	less	Total payments made to other respondents		$ g	
h	less	Total payments made to non-respondents for services initially provided by a respondent		$ h	
i	less	Total cost of non-telecommunications goods and services included in gross telecommunications services revenue		$ i	
j		**Qualified revenue**		**$ j**	j = f –g – h- i

Calculating gross telecommunications services revenue

22. To calculate gross telecommunications services revenue (step f), the company must identify the following features.

    22.1 In step (a), the operating revenue. The relevant statutory accounts are the company's most recent statutory accounts (or equivalent information if the company does not publish statutory accounts) that have the most overlap with the financial year ending 30 June 2013. For a company with a 31 December year end, the operating revenue is to be for the period ending 31 December 2012.

    22.2 In step (d), the value of total non-telecommunications services revenue. This is the sum of the disaggregated major non-telecommunications revenue streams individually disclosed in step (b) under the heading 'non-telecommunications services revenue (if any)', and the value of any other revenue streams that are disclosed in aggregate in step (c) as 'other non-telecommunications services revenue'. These are calculated in the following manner.

        22.2.1 Under the heading, 'non-telecommunications services revenue', the company must disclose each of its major disaggregated non-telecommunications revenue streams. When the information is reasonably available and appropriate, the company must use the revenue types listed in Attachment A.[4] If this information is not readily available, then the company must provide sufficient detail that an informed reader can reasonably identify the major activities that generate the non-telecommunications services revenue.

        22.2.2 Under the heading, 'other non-telecommunications services revenue' the company may disclose the non-telecommunications services revenue earned from minor activities as a combined value. This value must not exceed 10% of the company's operating revenue as disclosed in step (a).[5]

        22.2.3 The values deducted for non-telecommunications services revenue must be consistent with those used in calculating operating revenue as per the relevant statutory accounts.

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[4] Such as revenue derived from outside New Zealand, revenue earned from the standalone sales of handsets and other end-user equipment, and revenue earned from non-telecommunications products that were not bundled with telecommunications services.

[5] The option of disclosing revenue earned from these minor activities as a combined 'other' value, rather than separate line items, is provided to reduce the company's compliance costs. The 10% threshold exists to provide transparency in the calculation.

23. Step (e), the 'timing adjustment', is only required if the company has a statutory year end other than 30 June. This facility allows the company to make adjustments for the effect of both:

    23.1 the statutory accounts report operating revenue for a different period than the TDL's financial year ending 30 June year, and

    23.2 estimates of when revenues and costs should be recognised for TDL purposes.

24. If the timing adjustment results in either an increase or decrease in gross telecommunications services revenue, it should have a corresponding positive or negative value.

25. The timing adjustment will typically represent the effect on gross telecommunications revenue caused by differences in the revenue periods for the statutory accounts and the TDL financial year.[6] It may also include some of the adjustments relating to past assumptions about timing, which were made in accordance with paragraph 23.2, which relate to:

    25.1 estimates of gross telecommunications services revenue (step (f));

    25.2 total payments made to other QLPs (step (g));

    25.3 total payments made to non-QLPs for services initially provided by a QLP (step (h)); and

    25.4 total cost of non-telecommunications goods and services included in gross telecommunications services revenue (step (i)).[7]

26. The company must provide explanations of any material differences between the revenue disclosed in the most recent statutory accounts and the revenue disclosed in Template 1, that are not due to the timing adjustment disclosed in step (e).

27. If the company does not have separate statutory accounts, it must disclose the total audited revenue of its business for the financial year and reconcile this to the gross telecommunications services revenue disclosed in step (f).

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[6] For example, if a company with a 31 March year end earned $10m more telecommunications services revenue in the quarter ending 30 June 2013 than it did in the quarter ending 30 June 2012, the timing adjustment would be $10m.

[7] For example, if a company with a March year end, in its TDL year 1 templates assumed that the revenue from a shipment of handsets sold in April was included in the March statutory accounts, later recognises the sale as an April transaction, could address this as a timing adjustment in TDL year 2. Whether this effect is disclosed as a timing adjustment or addressed elsewhere on template 1 depends on how the company calculates the values in template 1.

Deducting the cost of non-telecommunications goods and services

28. If revenue from non-telecommunications goods and services can be identified separately it must be deducted at step (b). If revenue from these non-telecommunications goods and services is not reasonably identifiable (such as when they are sold through the QLPs website or own retail stores (direct channels) in a discounted bundle with telecommunications services) then the Commission will permit a QLP to deduct the cost of purchasing these goods or services in step (i).

29. For the cost of these non-telecommunications goods and services to be deducted, the associated revenue must be included in the gross telecommunication services revenue total at step (f). This could include the cost of end-user equipment (such as handsets and modems), broadcasting services and video on-demand content that were provided by the company in a bundle with telecommunications services. Typically this means the entire revenue value of the bundle is included in the total at step (f).

30. The cost of these non-telecommunications goods and services must be disaggregated into one of the four categories listed in Template 1b and calculated in the following manner.

    30.1 For end-user equipment that was sourced in New Zealand, the direct cost paid to the external supplier(s) in accordance with NZ GAAP.

    30.2 For end-user equipment that was sourced outside New Zealand, the direct cost paid to the external supplier(s) in accordance with NZ GAAP, plus direct freight costs and customs duties.

    30.3 For broadcasting services and video on-demand content, the direct cost paid to the external supplier(s) in accordance with NZ GAAP.

    30.4 For other non-telecommunications goods and services that were sold as part of a bundle with telecommunications services, the directly attributable costs in accordance with NZ GAAP. This category is likely to include services such as maintenance services, which were sold as part of a bundle with telecommunication services.

31. For the avoidance of doubt, in step (i) the cost of non-telecommunications goods and services:

    31.1 can only be deducted at this point if the associated revenue could not reasonably have been identified and deducted as non-telecommunications services revenue at step (b);

    31.2 can only be deducted if the associated revenue was included in the company's gross telecommunications services revenue;

31.3 must not include any allocation of corporate overhead, charges for the cost of capital, or mark up for indirect costs;[8]

31.4 (for non-telecommunications goods specifically) can only be deducted if at the time when the associated revenue transaction occurred, the QLP had legal ownership of the goods; and

31.5 (for a non-telecommunications goods specifically) cannot be the price charged by a party (eg, retailer) who had purchased the same good in a previous transaction from the QLP; if the QLP had repurchased the good from such a party, then the revenue from the first sale must be fully reversed in calculating gross telecommunications revenue, and the cost of the non-telecommunications good must be set at the original cost the QLP incurred in acquiring it as allowed under clauses 30.1 and 30.2.

Changes in accounting practices and the treatment of estimates

32. In calculating qualified revenue, the company must make reasonable efforts to ensure that the reported value of its qualified revenue is accurate both within a year and in aggregate across years. This includes, but is not limited to:

32.1 when a change in accounting practices impacts when revenues or costs are recognised, the company must make reasonable efforts to ensure that the affected qualified revenue is reported either in the year that the change in accounting policy is made, or in the year when the revenue or cost is first recognised; and

32.2 when a company with a statutory year end other than 30 June makes estimates as to which of two TDL financial years an item of revenue (or cost) should be recognised in, then the company must make reasonable efforts to ensure that a revenue (or cost) item, if not recognised in the first of the two TDL financial years, is recognised in the later of the two TDL financial years, regardless of how it is recognised for other purposes.

33. For the avoidance of doubt, the above paragraph 33.2 may result in the timing recognition of revenue or input costs for TDL purposes being different to that used for statutory reporting under NZ GAAP or other reporting requirements.

<u>Template 2: Payments Made to Other QLPs</u>

34. This template requires the company to disclose the total amount payable to other QLPs that is being deducted in accordance with these instructions for the 2012/13 financial year.

[8] These accounting practices are specific to these instructions and the calculation of qualified revenue for TDL purposes. This should not be taken as guidance for compliance with any other notice, determination or other requirements issued by the Commission.

35. Amounts payable to each of the QLPs to whom payments are made must be disclosed separately.

36. Deductions are only permitted when the telecommunications services acquired were used by the QLP to provide telecommunications services to its own customers in New Zealand.

Template 3: Payments Made to Non-QLPs for Services Originally Purchased from a QLP

37. The QLP can deduct payments made to a non-QLP for telecommunications services, but only if that non-QLP is acting as an intermediary for another QLP, ie, payments to a non-QLP for the provision of telecommunications services which the non-QLP has purchased from another QLP.

38. The intention of this exception is to deal with situations where a non-QLP is effectively acting as an intermediary between a liable upstream provider and a liable downstream provider for telecommunications services. This is likely to be rare and the Commission needs to be convinced that any deduction claimed is genuine.

39. Again, deductions are only permitted when the telecommunications services acquired were used by the QLP to provide telecommunications services to its own customers in New Zealand.

40. Template 3 requires the company to disclose details about payments claimed in Template 1 (step (h)) as a deduction for payments made to non-QLPs for services originally purchased from another QLP in the 2012/13 financial year.

41. To claim a deduction in Template 3, the QLP is required to provide:

    41.1 the name of the non-QLP(s) from whom it purchased the services;

    41.2 the QLP(s) the non-QLP purchased the services from originally;

    41.3 a description of the service(s) provided;

    41.4 the value of transaction(s) and the allocated value of the payments deducted from TDL qualified revenue.

42. Any allocations are to be calculated in accordance with the principles in paragraph 13. The value of transactions(s) should reconcile to invoices and must include both the allocated value deducted for TDL qualified revenue and non-deductible amounts (such as payments for non-telecommunications services).

The qualified revenue status of common revenue streams

43. In general, telecommunications services can be divided into two groups; voice services, and data services. This reflects the definition of the network these services are to be provided over. PTN is defined in the Act as meaning *a network*

used or intended to be used, in whole or in part, by the public for the purposes of telecommunication including a public switch telephone network (PSTN) and a public data network (PDN).

44. Voice services are generally those services provided over a PSTN, and what is captured in this category is largely unchanged from the previous TSO cost allocation processes. Common types of voice based telecommunication services include:

44.1 local and residential telephone services;

44.2 long distance direct dial and toll calls; and

44.3 calling cards.

45. Data services are generally those services provided over a PDN. Common types of data based telecommunication services include:

45.1 mobile broadband services;

45.2 business data services; and

45.3 xDSL services, naked DSL services and services provided using an unbundled copper local loop.

46. Further information on the qualified revenue status of common types of voice and data telecommunications services is provided in Attachment A.

What does not constitute qualified revenue for the purposes of these qualified revenue instructions?

47. Revenue earned from international transit arrangements for calls neither originating nor terminating in New Zealand is not qualified revenue.

48. Revenue earned from the provision of end-user equipment (including handsets discounted or otherwise) is not qualified revenue as it is not revenue relating to the supply of telecommunications services by means of the company's PTN or the supply of telecommunications services by means that rely primarily on the existence of the company's or any other PTN.

49. Any revenue received by a company from the Crown as compensation for the cost of complying with a TSO instrument containing a specified amount, is not included in the calculation of qualified revenue.

50. Revenue from providing broadcasting is not qualified revenue. The definition of 'telecommunications' in section 5 of the Act excludes *any conveyance that constitutes broadcasting*.

51. Revenue derived from video on-demand content is not qualified revenue. Video on-demand is distinguished from broadcasting as it is provided to a single-user for use at their discretion. Furthermore, video on-demand content revenue is distinguished from conveyance revenue, and only revenue related to the conveyance of this content is qualified revenue.

52. Receipts from capital contributions that were made towards assets which develop the PTN are not qualified revenue if the company records the asset(s) as a fixed asset(s) under NZ GAAP. The value of any deduction must not exceed the value of the related asset as recorded in the fixed asset register under NZ GAAP.

Qualified revenue and the public telecommunications network

53. Revenue earned from operating a physically private telecommunications network (a network that is not physically able to connect to another telecommunications network) is not qualified revenue. If the network is physically capable of being accessed by the public for any purpose (even private uses of the public network) the revenue the QLP derives from providing the telecommunications service is qualified revenue.

54. This means that a QLP is not required to know how their clients use the services they provide. If the company derives revenue from providing telecommunications services by means of a PTN (or that rely primarily on the existence of a PTN) then that revenue is qualified revenue.

55. Therefore, revenue from providing services via layer one and above (including ducting and dark fibre) is qualified revenue. Fibre or copper dedicated to a single-user is also included unless that fibre or copper is part of a physically separate telecommunications network that does not connect to a PTN.

Assurance report requirements

56. The QLP must provide to the Commission an assurance report by an independent qualified auditor in respect of all specified information. This assurance report must be prepared in accordance with the Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100), and the International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards, and signed by the auditor (either in his or her own name or that of his or her firm).

57. The assurance report must be addressed to the directors of the company and to the Commission as the intended users of the assurance report. The report must state:

    57.1 that it has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements 3000 (ISAE (NZ) 3000) or their successor standards;

    57.2 the work done by the independent qualified auditor;

57.3 the scope and limitations of the assurance engagement;

57.4 the existence of any relationship (other than that of auditor) which the independent qualified auditor has with, or any interests which the independent auditor has in, the company or any of its subsidiaries;

57.5 whether the independent qualified auditor has obtained sufficient recorded evidence and explanations that he or she required and, if not, the information and explanations not obtained;

57.6 whether, in the independent qualified auditor's opinion, proper accounting records have been kept by the company to enable the complete and accurate compilation of required information, and if proper accounting records have not been kept by the company, identify the records not so kept; and

58. The assurance report must also state whether or not in the independent qualified auditor's opinion the information provided by the company in Templates 1 to 3 is prepared in all material respects in accordance with these instructions.

59. For the purposes of these instructions, an independent qualified auditor means, in relation to any information, a person who:

59.1 is qualified for appointment as auditor of a company under the Companies Act 1993, or is an auditor appointed by the Auditor-General;

59.2 has no relationship with, or interest in, the company that is likely to involve the person in a conflict of interest;

59.3 has not assisted with the compilation of the information or provided advice or opinions (other than in relation to audit reports or in respect of the interpretation of this determination) on the methodologies or processes used in compiling the information; and

59.4 is not associated with nor directed by any person who has provided any such assistance, advice, or opinion.

Attachment A – Qualified revenue status of common types of revenue

Revenue stream	Rationale	Status
Revenue from building, maintaining and renewing network infrastructure	The criteria for qualified revenue as defined in section 5 of the Act require telecommunications services to be provided by means of a public telecommunications network (PTN) or by means that rely primarily on the existence of the PTN. Therefore, the Commission considers revenue from operational contributions for building, maintaining and renewing PTN infrastructure, recorded by the QLP accordingly under NZ GAAP, is qualified revenue, because it is part of the telecommunications service provided by means of a PTN. Receipts from capital contributions made towards assets which develop the PTN are not qualified revenue (and can be deducted) if the QLP records the asset(s) as a fixed asset(s) under NZ GAAP. This is because the building, maintaining and renewing activity is significant enough to define it as the creation of an asset rather than the operation of one. However, the value of any deduction must not exceed the value of the related asset as recorded in the fixed asset register under GAAP.	Operational revenue is qualified revenue and receipts from capital contributions are legitimate deductions.
Revenue from the sale of mobile phone handsets that is not recovered through mobile access or calling charges (ie, sold separately)	The Commission considers that this revenue is not captured by the definition of qualified revenue in section 5 of the Act.	Non-qualifying telecommunications services revenue.
Revenue from the sale of mobile phone handsets recovered through mobile access or calling charges (sold as part of services provided in a bundle)	The Commission considers that this revenue is not captured by the definition of qualified revenue in section 5 of the Act. Due to difficulties in identifying the true value of this revenue stream, the Commission has allowed QLPs to deduct the cost of handsets which were provided as part of a bundle which includes telecommunication services.	Non-qualifying telecommunications services revenue.
Revenue derived from services provided in other countries	The criteria for qualified revenue as defined in section 5 of the Act still require telecommunications services to be provided by means of a PTN operated in New Zealand. These services fall outside the definition of qualified revenue.	Non-qualifying telecommunications services revenue.

Revenue stream	Rationale	Status
Expenditure on purchasing telecommunications services from other QLPs	The Commission considers that the avoidance of double counting of revenue is a concern and allows a deduction for this type of expenditure as the value of the service is picked up in the QLP providing the service.	Legitimate deduction.
Expenditure on purchasing telecommunications services from a non-QLP that on-sells those services it purchased from another QLP	The Commission considers that this situation is analogous to purchasing services from another QLP directly. QLPs can claim this expenditure as a deduction but they will need to provide detailed information to support these claims.	Legitimate deduction.
Prompt payment discounts and credits for billing errors and omissions	The Commission allows deductions for prompt payment discounts and credits for billing errors and omissions as this allows the QLP to represent their true revenue totals.	Legitimate deduction.
Revenue from calling cards and prepay credits	The Commission considers all calling card and prepay credit revenue, whether used or expired is qualified revenue as it was acquired for the purposes of providing a telecommunications service .	Qualified revenue.
Inbound roaming revenue	The Commission considers that revenue from inbound roaming is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Mobile access and calling revenue	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is qualified revenue.	Qualified revenue.
Revenue earned from voice over IP calls that terminate or originate on a PSTN (PTN)	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Revenue earned from mobile voice and SMS – a PTN includes that part of a mobile network that facilitates voice calls and SMS	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Revenue earned from toll by-pass/ direct dial calls by the QLP	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Revenue earned by the QLP from late payment fees levied on customers for the late payment of outstanding accounts for telecommunications services	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Revenue earned from dial-up	Revenue from telecommunications services	Qualified revenue.

Revenue stream	Rationale	Status
ISP service (Including modem banks)	using a PTN is captured – PTN includes public data networks (PDN) and this service is captured under the PDN definition.	
xDSL services, Naked DSL services and services provided using a UCLL	The Commission considers that this revenue stream is a telecommunications service as defined in the Act and is therefore qualified revenue.	Qualified revenue.
Mobile broadband services	Revenue from telecommunications services using a PTN is captured – PTN includes PDNs and this service is captured under the PDN definition.	Qualified revenue.
Business data services	Revenue from business data telecommunications services using a PTN is captured.	Qualified revenue.
Revenue derived from the supply of video on-demand content	The Commission considers that video on-demand content revenue is not captured as a telecommunications service as it can be distinguished from the conveyance revenue which is the intended focus of the definition of telecommunications services.	Content revenue is non-qualifying telecommunications services revenue, and conveyance revenue is qualified revenue.
Mobile radio services (campus networks)	Revenue derived from providing telecommunications services by means of a PTN are qualified revenue, irrespective of how a QLP's client uses the services. Therefore, because the mobile radio network fits within the definition of a PTN the fact that a QLP's client uses it for a private purpose is not relevant to its qualified revenue status.	Qualified revenue.
Broadcasting services	The definition of 'telecommunications' in section 5 of the Telecommunications Act expressly excludes broadcasting.	Non-qualifying telecommunications services revenue.
Dark fibre, layer one, two and above services	Revenue from telecommunications services using a PTN are captured – revenue from providing telecommunications services by means of a PTN are captured regardless of the ISO layer.	Qualified revenue.
Satellite revenues	Telecommunications services provided in New Zealand via a satellite are supplied by means of the qualifying liable person's PTN.	Qualified revenue.
Revenue from selling customer premises equipment	Revenue from selling customer premises equipment is revenue from selling goods that are not considered to be related to a PTN.	Non-qualifying telecommunications services revenue.
Revenue from dumb caches, servers, content delivery	Revenue derived from operating this equipment relies on the existence of a PTN	Qualified revenue.

Revenue stream	Rationale	Status
networks (CDN)	and is therefore within the definition of qualified revenue.	
Revenue from fibre dedicated to a single-user	Revenue derived from providing telecommunications services by means of a PTN is qualified revenue, irrespective of how a QLP's client uses the services.	Qualified revenue.
Revenue from early termination charges (telecommunications services revenue)	Early termination charges revenue derived from services or bundles of services that are all telecommunications services is qualified revenue. Early termination charges revenue derived from a bundle that includes end-user equipment which was sold by the QLP to the customer paying the early termination charge and the cost of the equipment is deducted (or had been deducted in a previous TDL year) from gross telecommunications services revenue is qualified revenue. This avoids the problem of a QLP deducting both the cost of equipment while not recognising the matching revenue when calculating qualified revenue	Qualified revenue.
Revenue from early termination charges (non-telecommunications revenue)	Early termination charges revenue derived from a bundle that includes non-telecommunications revenue (eg, end-user equipment), which was sold by the QLP to the customer paying the early termination charge and the cost of the equipment is not deducted (or has not been deducted in a previous TDL year) from gross telecommunications revenue, is not qualified revenue (to the extent it relates to the non-telecommunications equipment). This recognises that it relates to non-telecommunications equipment for which the cost had not been deducted when calculating qualified revenue.	Non-qualifying telecommunications services revenue.
Revenue from co-location	Revenue earned from co-location on cellular transmission sites (as the term is used in Schedule 1 of the Act) or a wireless tower, is captured as it is earned from facilities which are predominately operated by the qualifying liable person as part of a PTN. Revenue earned from other qualifying liable persons for co-location services which allow other qualifying liable persons to use a facility as part of a public	Qualified revenue.

Revenue stream	Rationale	Status
	telecommunications network (PTN) should be included in qualified revenue.	