

LFC Information Disclosure Determination 2018

Decision No. NZCC 10

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 Enable Networks Limited, Ultrafast Fibre Limited, Northpower Fibre Limited and Northpower LFC2 Limited.

Date: 22 August 2018

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PART 1 GENERAL PROVISIONS

1.1 TITLE, COMMENCEMENT, AND APPLICATION

- (1) This determination is the LFC Information Disclosure Determination 2018.
- (2) This determination comes into force on 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 13.
- (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 -

- (a) means an area identified by **CIP** on or before 25 May 2011 as a candidate area for an **LFC fibre network** (for example, as identified in a **NIPA** or a partner fact sheet); and
- (b) any other area that arises in, is adjoining, or is in close proximity to an area referred to in paragraph (a) based on consideration of network architecture (eg, point of interconnection) and geographic proximity of the **LFC fibre network**.

For the avoidance of doubt, the area that Northpower LFC2 Limited covers under the **UFB initiative** is to be treated as part of the Whangarei candidate area;

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;

Example: 'Disclosure year 2017' means the 12 month period ending on 30 June 2017;

Except for -

Northpower LFC2 Limited where it may mean either the period ending 31 March or 30 June provided –

the date chosen is consistent across that year's reports on financial costs and characteristics and related party transactions (as per undertakings); and

any reporting begins the day after the end of the previous reporting period; and

if and when there is a change to the reporting period:

if the start of the new reporting period occurs after the end of the previous reporting period, the methodology used must account for the interim period; and

irrespective of whether the new reporting period commences before or after the end of the previous reporting period, commentary must be provided explaining the methodology used to account for the change to the reporting period and its impact on the ability to compare data across periods; and

Ultrafast Fibre Limited where, if it elects, it means the 9 month period ending 31 March for disclosure year 2018 and the 12 month period ending 31 March for every subsequent disclosure year, provided –

commentary is provided explaining the methodology used to account for the change to the reporting period and its impact on the ability to compare data across periods.

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

LFC means all or any of Enable Networks Limited, Ultrafast Fibre Limited, Northpower Fibre Limited and Northpower LFC2 Limited, and for the avoidance of doubt does not in this determination include Chorus Limited;

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

NZ GAAP means New Zealand Generally Accepted Accounting Practice;

NZ IAS 24 means New Zealand Equivalent to International Accounting Standard 24 Related Party Disclosures;

operating lease has the meaning given in New Zealand Equivalent to International Accounting Standard 17 Leases or New Zealand Equivalent to International Financial Standard 16 Leases;

operating revenue means the total revenue from all products;

premises passed means when a premises 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 specified services in Annexure C (agreed pricing table) of the **LFC's** shareholder agreement 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;

related party means in relation to another person:

- (a) any company that is related within the meaning of section 4A(2)(a) of the Financial Reporting Act 1993; and
- (b) any partner or joint venture of that person;

related party transactions (as per undertakings) means information about all related party transactions which require disclosure to the **Commission** under the arms-length dealing provisions in the **undertakings**;

relevant services 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-

- (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, when it is required to be prepared by **candidate area**; and
- (g) Report on Related Party Transactions set out in schedule 9;

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

technical expert means an officer of, advisor to, or contractor to an **LFC** who has special skills, knowledge and experience relating to the **LFC fibre network** or other parts of the **LFC's** business and is qualified to advise 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, each **LFC** 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 close of each **disclosure year**, each **LFC** must:
 - (a) complete the following information 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;
 - (x) the Report on Related Party Transactions set out in schedule 9; and
 - (xi) the Commentary on Schedules in the form set out in schedule 10;
 - (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 10, commentary on, but not limited to:

- (i) a summary of the changes made to the procedures or assumptions used to prepare schedules 1 to 9;
- (ii) a description of the impact or effect of those changes on schedules 1 to 9; and
- (iii) commentary on any material event or factor which impacts the costs and characteristics reported in schedules 1 to 9;
- (d) provide the **Commission** information about the **LFC's fibre network** information, in summarised form, that is in a format compatible with commercial geographic systems and must include, at a minimum:
 - (i) 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 the **LFC fibre network** to which the **LFC** 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), each **LFC** must include information on:
 - (a) **retail service providers** that together constitute at least 90% of the **LFC's operating revenue**; and
 - (b) the five largest retail service providers by operating revenue from LFC products.
- (3) In completing the Report on Related Party Transactions in accordance with clause 2.2(1)(a)(x), each LFC must disclose information on all material other related party transactions (as per GAAP) in a manner consistent with NZ IAS 24.
- (4) With regards to the Whangarei candidate area, Northpower Fibre Limited and Northpower LFC2 Limited may provide combined or separate reporting provided that any combined reporting is for the disclosure year ending 30 June and that there is a consistent approach for reports on financial costs and characteristics and related party transactions (as per undertakings).

2.3 ASSURANCE REQUIREMENTS

(1) Each **LFC** must provide to the **Commission** either an assurance report for the **reports on financial costs and characteristics** for that **disclosure year**, or an audit report prepared by an auditor.

- (2) If the **LFC** reports a closing **gross book value** of total fixed asset movements equal to or in excess of \$20,000,000 in its Report on Fixed Assets and Fixed Asset Movements (schedule 3), then it must provide an assurance report as specified in clause 2.3 (4) for the **reports on financial costs and characteristics** for that **disclosure year** that is addressed to the directors of the **LFC** and to the **Commission** as the intended users of the assurance report.
- (3) If the **LFC** reports a closing **gross book value** of total fixed asset movements less than \$20,000,000 in its Report on Fixed Assets and Fixed Asset Movements (schedule 3), then it has the option of either providing an assurance report as specified in clause 2.3 (4) or relying on the auditor's report prepared for the **LFC'**s statutory financial statements if it meets the criteria specified in clause 2.3 (6).

Requirements if the LFC provides an assurance report

- (4) Any assurance report required by clause 2.3(2) or clause 2.3(3) 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, the **LFC** or any of its subsidiaries;
 - (d) whether the auditor has 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 an examination of them, proper accounting records have been kept by the LFC so as to enable the complete and accurate compilation of required information;
 - (f) 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
 - (g) that the assurance report has been prepared for the LFC's directors and the Commission for the purpose of providing assurance as to whether the reports on financial costs and characteristics have been prepared, in all material respects, in accordance with this determination.
- (5) 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 the **LFC's** management **technical**

experts in accordance with the competency and capability provisions of the relevant International Standard on Auditing (New Zealand).

Requirements if the LFC provides an audit report

- (6) An auditor's report prepared for the **LFC**'s statutory financial statements meets the requirements of this Determination, if
 - (a) the **LFC** reports a closing **gross book value** of total fixed asset movements less than \$20,000,000 in its Report on Fixed Assets and Fixed Asset Movements (schedule 3) for the relevant **disclosure year**;
 - the LFC's statutory financial statements cover at least 263 days of the relevant disclosure year and were prepared to in accordance with NZ GAAP;
 - (c) the **LFC** will make the auditor available to the Commission to answer questions relating to the **reports on financial costs and characteristics** (if required);
 - (d) The auditor's report:
 - (i) was prepared in accordance with International Standards on Auditing (New Zealand) or equivalent or successor standards;
 and
 - (ii) contains an audit opinion that states that the LFC's statutory financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the LFC at the LFC's year end, and (of) its financial performance and its cash flows for the relevant financial year in accordance with the applicable financial framework (or an equivalent level of assurance).
 - (e) the LFC in completing schedule 10: Commentary on Schedules describes the methodology used to adjust for the timing difference between the LFC's statutory reporting period and the disclosure year for which the LFC prepares the reports on financial costs and characteristics.

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 11, duly signed by two directors of the **LFC**.
- (2) The information disclosed to the **Commission** in accordance with this determination must include a certificate(s), in the form set out in Schedule 12, duly signed by a suitably qualified **technical expert** of the **LFC**, certifying that any material assumption or methodology used is objectively justifiable and reasonable, and have been documented in records retained by the **LFC** 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 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

LFCs 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. **LFCs** 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. **LFCs** 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, LFCs must prepare all financial information disclosure in accordance with NZ GAAP.
- (d) Causality. When attribution is required, **LFCs** 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

Each LFC must:

- in complying with 3.1(c), apply the same assumptions and methods as used for reporting to CIP 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 expressly instructs 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 the LFC 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 the **LFC fibre network**, and, when comparable

information is provided to **CIP**, these asset categories should be consistent with those the **LFC** 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

The **LFC** 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 the **LFC**'s **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 the **LFC** must complete a separate report for each **candidate area** in which the **LFC** operates its **LFC fibre network** if:

- (a) the **LFC fibre network** is operated in four or more **candidate areas**; and
- (b) the **LFC** is not required to provide **candidate area** reporting for the Exception Report on Pricing, if the **LFC** has national level pricing for the **relevant services.** If this applies, the **LFC** must provide a national level schedule and a schedule summarising all **RSPs** that together constitute 90% of the **LFC's** operating revenue.

PART 4 OTHER MATTERS

4.1 CONFIDENTIAL INFORMATION

If there is any information in a report to be provided to the **Commission** under this determination the **LFC** considers commercially confidential, the **LFC** must, when disclosing that information to the **Commission**:

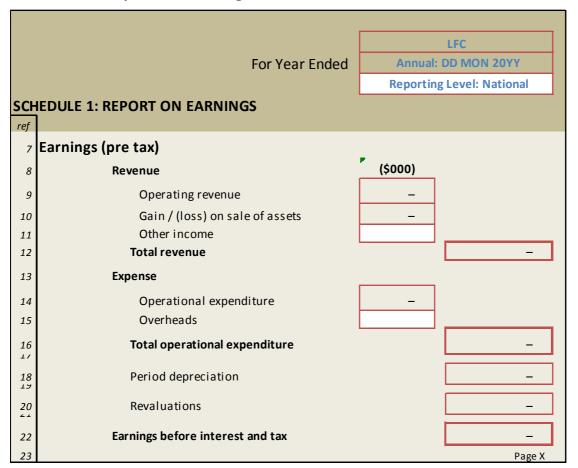
- (a) clearly identify such information;
- (b) state the specific reasons as to why the publication of the information would be likely to unreasonably prejudice the commercial position of the LFC and/or another person who is the subject of the information; and
- (c) provide a certification, in writing, by counsel for the LFC that he or she considers that disclosure of the information identified as confidential would be likely to unreasonably prejudice the commercial position of the LFC 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 the **LFC** considers should not be published on grounds other than commercial sensitivity, the **LFC** 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 the **LFC** 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

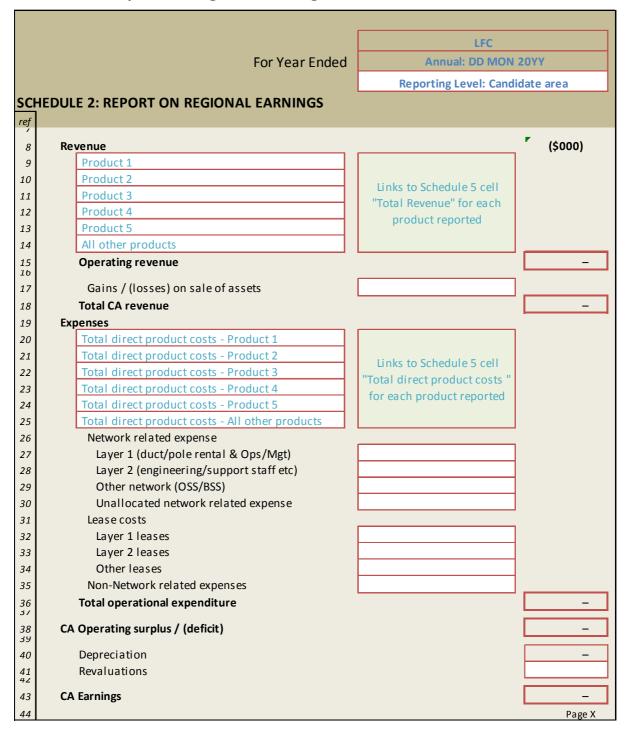
The **Commission** may at any time, on written application by an **LFC**, by written notice to an **LFC**:

- exempt the LFC 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.

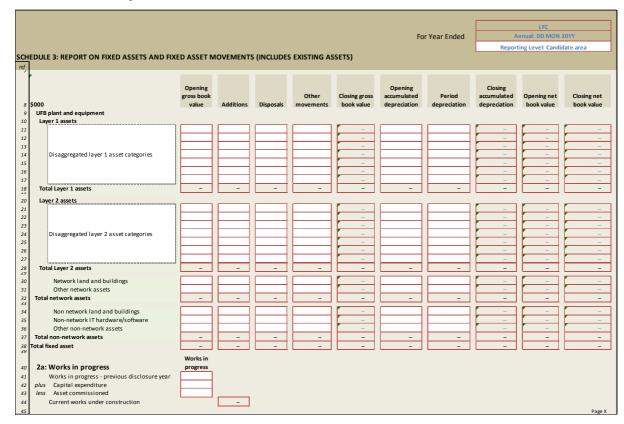
Schedule 1: Report on Earnings



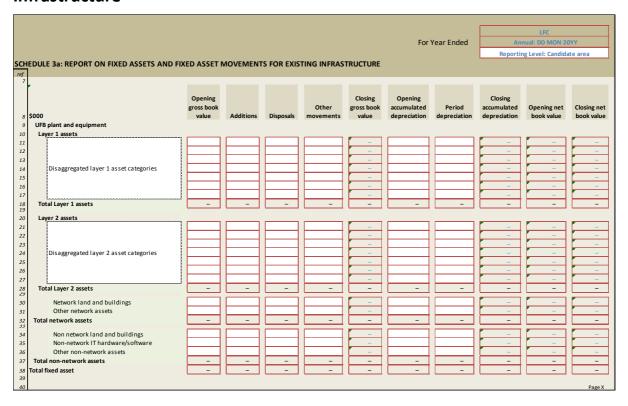
Schedule 2: Report on Regional Earnings



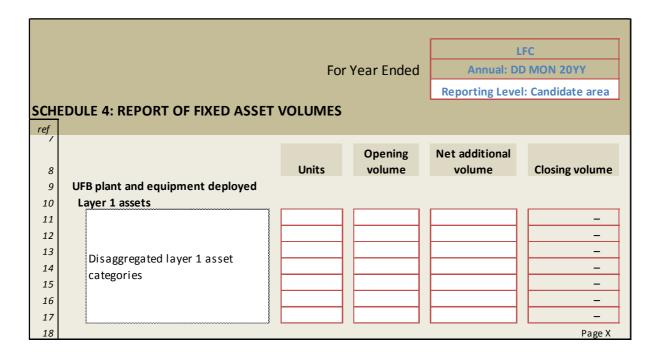
Schedule 3: Report on UFB Fixed Assets and Fixed Asset Movements



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

		LFC			
	For Year Ended	Annual: DD MON 20YY			
		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 INFORM	ATION			
ref					
8	•				
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 23	Average revenue per connection		Page X		

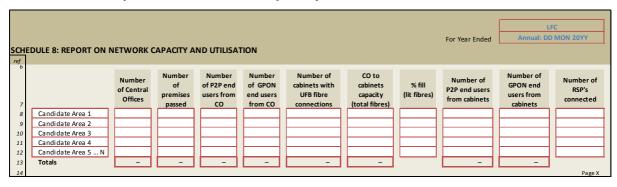
Schedule 6: Exception Report on Pricing

DULE 6: EXCEPTION REPOR	T ON PRICING			Fo	r Year Ended		MON 20YY Candidate area * Ps / RSPs that mak ns. Plus a summary
	Number of active	Connections Number of	Average connection price for current	Agreed	Number of	ly access priced below Average monthly price for current	the price cap Agreed monthl
Priced below price cap	connections	below cap	year	price cap	occurrences below cap	year	price cap
Layer 1 services	23	20.01. 00.0	,	J.1.00 00.p	JC.0.1. CCP	70	р. се сар
Layer 1 products as shown in LFC's price book							
Layer 2 products as shown in LFC's price book							
Other services Any other non Layer 1 or Layer 2 products as shown in LFC's price book							

Schedule 7: Report on Service and Product Performance

				1	.FC	
		F	or Year Ended	Annual: D	D MON 20YY	
				Reporting Leve	l: Candidate area	
					5 RSPs (based on	
					us a summary of all	
SCH	EDULE 7: REPORT ON SERVICE ANI	D PRODUCT PE	RFORMANCE		er RSPs	
ref						
/ /						
			Number of			
			occurences			
8	SERVICE PERFORMANCE	Occurrences	below target	Service level		
9	Provisioning					
10	Residential / Business users					
11	Layer 1					
12	New installation					
13	Restore connection					
14	Layer 2					
15	New Installation					
16	Bandwidth Upgrade					
17	Multicast (Access Seeker)					
18	Multicast (End User)					
19	Disconnection		Number of			
20	A		Number of breaches	Camilaa lawal		
20 21	Availability (all users) Layer 1		breacnes	Service level		
22	Average downtime					
23	Max downtime					
24	Default service level					
25	Enhanced L1					
26	Enhanced L2					
27	Enhanced L3					
28	Layer 2					
29	Average downtime					
30	Max downtime					
31	Default service level					
32	Enhanced L1					
33	Enhanced L2					
34	Traffic	CIR breaches	Service level	EIR breaches	Service level	
35	Layer 2					
36	Frame delay					
37	Frame delay variation					
38	Frame loss					
39					Page X	

Schedule 8: Report on Network Capacity and Utilisation



Schedule 9: Report on Related Party Transactions

				LFC		
			For Year Ended	Annual: DD MO	N 20YY	
				Reporting Level:	National	
SCH	EDULE 9: REPORT ON R	RELATED PARTY TRANSAC	TIONS			
ref						
7	Entities involved in R	elated Party Transactions	S			
8	Name of related party	Relationship				
9						
10						
11						
12	Related Party Transactions (as per undertakings)					
				Average unit price or		
13	Name of related party	Transaction category	Description of transaction	equivalent	Value	
		Revenue/Opex/Capex/Asset use/etc				
14 15		use/etc				
16						
17						
18						
19	Other Related Party	Transactions (as per NZ G	AAP)			
20						
21 22						
23						
24						
25					Page X	

Schedule 10: Commentary on schedules

	LFC
For Year Ended	Annual: DD MON 20YY
SCHEDULE 10: COMMENTARY ON SCHEDULES	
Schedule 1: Report on Earnings	
Schedule 2: Report on Regional Earnings	
Schedule 3: Report of Fixed Assets and Fixed Asset Movements	
Schedule 3a: Report of Fixed Assets and Fixed Asset Movements	for Existing Infrastructure
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	
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Schedule 11: Certificate for disclosed information

We, [insert full names], directors of [insert LFC company name], 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 LFC 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 12: Certificate by technical expert

I [insert full name], being a [insert role of technical expert] of [insert LFC company name], 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 LFC 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 [insert LFC company name] 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 13: Technical Glossary to Schedules 1-11

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

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 an **LFC** and **CIP** for the one-off payment made by an **RSP** to an **LFC** for connection of a UFB service;

agreed monthly price cap refers to the price cap agreed to by an **LFC** and **CIP** for the recurring amounts payable by an **RSP** to an **LFC** 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, the **LFC** 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 the **LFC** 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 the service level appendix of the **LFC's 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 the **LFC's fibre network**;

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

enhanced L1 refers to the enhanced **service level** 1 for maximum downtime described in the service level appendix of the **LFC's NIPA**;

enhanced L2 refers to the enhanced **service level** 2 for maximum downtime described in the service level appendix of the **LFC's NIPA**;

enhanced L3 refers to the enhanced **service level** 3 for maximum downtime described in the service level appendix of the **LFC's NIPA**;

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

existing infrastructure means the existing communal infrastructure, existing **layer 2** infrastructure and existing **end-user** specific acquired by the **LFC** 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 an **LFC** for a UFB service;

multicast (access seeker) refers to the service level for provisioning a multicast service for an access seeker described in the service level appendix of the LFC's NIPA;

multicast (end-user) refers to the service level for provisioning a multicast service for an end-user described in the service level appendix of the LFC's NIPA;

name of related party means the name of the entity with which the LFC is a related party;

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

Network Infrastructure Project Agreement or **NIPA** means, with respect to each **LFC**, the Network Infrastructure Project Agreement signed between the **LFC** and **CIP**;

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

new installation (layer 2) refers to the **service levels** for **layer 2** services ordered in relation to a new connection as described in the service level appendix of the **LFC's 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 an **LFC** does not meet the service level for a performance element as described in schedule 5 of the **LFC's 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**;

relationship means a description of the relationship between the LFC and the related party;

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 the **LFC** and **CIP**;

transaction category means one of revenue, operating expense, capital expenditure, asset disposal, asset transfer, or other;

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.