

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

CONTENTS

PART 1 GENERAL PROVISIONS	4
1.1 TITLE, COMMENCEMENT, AND APPLICATION	4
1.2 INTERPRETATION	4
PART 2 DISCLOSURE REQUIREMENTS	8
2.1 INFORMATION DISCLOSURE	8
2.2 ANNUAL REPORTING REQUIREMENTS	8
2.3 ASSURANCE REQUIREMENTS	9
2.4 CERTIFICATES AND STATUTORY DECLARATIONS	12
2.5 DATA RETENTION REQUIREMENTS	13
PART 3 METHODOLOGY	14
3.1 REGULATORY REPORTING PRINCIPLES	14
3.2 CONSISTENCY WITH OTHER REPORTING	14
3.3 DATA SOURCES FOR NON-FINANCIAL DATA	15
3.4 PRODUCT STATEMENTS	15
3.5 CANDIDATE AREA REPORTING	15
PART 4 OTHER MATTERS	16
4.1 CONFIDENTIAL INFORMATION	16
4.2 EXEMPTION PROCESS	16
Schedule 1: Report on Earnings	17
Schedule 2: Report on Regional Earnings	18
Schedule 3: Report on UFB Fixed Assets and Fixed Asset Movements	19
Schedule 3a: Report on Fixed Assets and Fixed Asset Movements for Existing Infrastructure	20
Schedule 4: Report of Fixed Asset Volumes	21
Schedule 5: Report on Product Information	22
Schedule 6: Exception Report on Pricing	23
Schedule 7: Report on Service and Product Performance	24
Schedule 8: Report on Network Capacity and Utilisation	25
Schedule 9: Report on Related Party Transactions	26
Schedule 10: Commentary on schedules	27
Schedule 11: Certificate for disclosed information	28
Schedule 12: Certificate by technical expert	29

Schedule 13: Technical Glossary to Schedules 1–9

30

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**;
 - (b) 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:

- (a) 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**:

- (a) 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

		For Year Ended		LFC
				Annual: DD MON 20YY
				Reporting Level: National
SCHEDULE 1: REPORT ON EARNINGS				
<i>ref</i>				
7	Earnings (pre tax)			
8	Revenue	(\$000)		
9	Operating revenue	-		
10	Gain / (loss) on sale of assets	-		
11	Other income			
12	Total revenue		-	
13	Expense			
14	Operational expenditure	-		
15	Overheads			
16	Total operational expenditure		-	
17				
18	Period depreciation		-	
19				
20	Revaluations		-	
21				
22	Earnings before interest and tax		-	
23				Page X

Schedule 2: Report on Regional Earnings

		LFC	
		Annual: DD MON 20YY	
		Reporting Level: Candidate area	
For Year Ended			
SCHEDULE 2: REPORT ON REGIONAL EARNINGS			
ref			(\$000)
8	Revenue		
9	Product 1	Links to Schedule 5 cell "Total Revenue" for each product reported	
10	Product 2		
11	Product 3		
12	Product 4		
13	Product 5		
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	Links to Schedule 5 cell "Total direct product costs " for each product reported	
21	Total direct product costs - Product 2		
22	Total direct product costs - Product 3		
23	Total direct product costs - Product 4		
24	Total direct product costs - Product 5		
25	Total direct product costs - All other products		
26	Network related expense		
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		
32	Layer 1 leases		
33	Layer 2 leases		
34	Other leases		
35	Non-Network related expenses		
36	Total operational expenditure		-
37			
38	CA Operating surplus / (deficit)		-
39			
40	Depreciation		-
41	Revaluations		
42			
43	CA Earnings		-
44			

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

		For Year Ended									
		LFC									
		Annual: DD MON 20YY									
		Reporting Level: Candidate area									
SCHEDULE 3: REPORT ON FIXED ASSETS AND FIXED ASSET MOVEMENTS (INCLUDES EXISTING ASSETS)											
ref		Opening gross book value	Additions	Disposals	Other movements	Closing gross book value	Opening accumulated depreciation	Period depreciation	Closing accumulated depreciation	Opening net book value	Closing net book value
8	\$000										
9	UFB plant and equipment										
10	Layer 1 assets										
11											
12											
13											
14											
15											
16											
17											
18	Total Layer 1 assets										
19											
20	Layer 2 assets										
21											
22											
23											
24											
25											
26											
27											
28	Total Layer 2 assets										
29											
30	Network land and buildings										
31	Other network assets										
32	Total network assets										
33											
34	Non network land and buildings										
35	Non-network IT hardware/software										
36	Other non-network assets										
37	Total non-network assets										
38	Total fixed asset										
39											
40	2a: Works in progress										
41	Works in progress - previous disclosure year										
42	plus Capital expenditure										
43	less Asset commissioned										
44	Current works under construction										
45											

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

		For Year Ended									
		LFC									
		Annual: DD MON 20YY									
		Reporting Level: Candidate area									
SCHEDULE 3a: REPORT ON FIXED ASSETS AND FIXED ASSET MOVEMENTS FOR EXISTING INFRASTRUCTURE											
ref		Opening gross book value	Additions	Disposals	Other movements	Closing gross book value	Opening accumulated depreciation	Period depreciation	Closing accumulated depreciation	Opening net book value	Closing net book value
8	\$000										
9	UFB plant and equipment										
10	Layer 1 assets										
11	Disaggregated layer 1 asset categories										
12											
13											
14											
15											
16											
17	Total Layer 1 assets										
18											
19											
20	Layer 2 assets										
21	Disaggregated layer 2 asset categories										
22											
23											
24											
25											
26											
27	Total Layer 2 assets										
28											
29											
30	Network land and buildings										
31	Other network assets										
32	Total network assets										
33											
34	Non network land and buildings										
35	Non-network IT hardware/software										
36	Other non-network assets										
37	Total non-network assets										
38	Total fixed asset										
39											
40											

Schedule 4: Report of Fixed Asset Volumes

		For Year Ended		<div style="border: 1px solid red; padding: 2px;">LFC</div> <div style="border: 1px solid red; padding: 2px;">Annual: DD MON 20YY</div> <div style="border: 1px solid red; padding: 2px;">Reporting Level: Candidate area</div>	
SCHEDULE 4: REPORT OF FIXED ASSET VOLUMES					
ref		Units	Opening volume	Net additional volume	Closing volume
8					
9	UFB plant and equipment deployed				
10	Layer 1 assets				
11	Disaggregated layer 1 asset categories				-
12					-
13					-
14					-
15					-
16					-
17					-
18					Page X

Schedule 5: Report on Product Information

For Year Ended		LFC 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	
SCHEDULE 5: REPORT ON PRODUCT INFORMATION			
ref		Current year	Current year - 1
8			
9	(\$000)		
10	Revenue		
11	Connection revenue		
12	Monthly access revenue		
13	Other product specific revenue		
14	Total revenues	-	-
15	Expenses		
16	Direct product costs		
17			
18	Non-financial		
19	Connection volumes - opening		
20	Connection volumes - closing		
21			
22	Average revenue per connection		
23			

Schedule 6: Exception Report on Pricing

		For Year Ended						
		LFC						
		Annual: DD MON 20YY						
		Reporting Level: Candidate area *						
		Report on: Top 5 RSPs / RSPs that make up 90% of connections. Plus a summary of all other RSPs						
SCHEDULE 6: EXCEPTION REPORT ON PRICING								
ref /			Connections priced below the price cap			Monthly access priced below the price cap		
		Number of active connections	Number of occurrences below cap	Average connection price for current year	Agreed connection price cap	Number of occurrences below cap	Average monthly price for current year	Agreed monthly price cap
9	Priced below price cap							
10	Layer 1 services							
11	Layer 1 products as shown in							
12	LFC's price book							
13								
14								
15	Layer 2 services							
16	Layer 2 products as shown in							
17	LFC's price book							
18								
19								
20								
21								
22	Other services							
23	Any other non Layer 1 or							
24	Layer 2 products as shown in							
25	LFC's price book							
26								
27								
28								

Schedule 7: Report on Service and Product Performance

		For Year Ended		LFC	
				Annual: DD MON 20YY	
				Reporting Level: Candidate area	
				Report on: Top 5 RSPs (based on connections). Plus a summary of all other RSPs	
SCHEDULE 7: REPORT ON SERVICE AND PRODUCT PERFORMANCE					
ref /		Occurrences	Number of occurrences below target	Service level	
8	SERVICE PERFORMANCE				
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				
20	Availability (all users)		Number of breaches	Service level	
21	Layer 1				
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					

Schedule 8: Report on Network Capacity and Utilisation

SCHEDULE 8: REPORT ON NETWORK CAPACITY AND UTILISATION											
For Year Ended											
LFC											
Annual: DD MON 20YY											
ref		Number of Central Offices	Number of premises passed	Number of P2P end users from CO	Number of GPON end users from CO	Number of cabinets with UFB fibre connections	CO to cabinets capacity (total fibres)	% fill (lit fibres)	Number of P2P end users from cabinets	Number of GPON end users from cabinets	Number of RSP's connected
7											
8	Candidate Area 1										
9	Candidate Area 2										
10	Candidate Area 3										
11	Candidate Area 4										
12	Candidate Area 5 ... N										
13	Totals	-	-	-	-	-	-	-	-	-	-
14											Page X

Schedule 9: Report on Related Party Transactions

		LFC	
	For Year Ended	Annual: DD MON 20YY	
		Reporting Level: National	

SCHEDULE 9: REPORT ON RELATED PARTY TRANSACTIONS

ref	Entities involved in Related Party Transactions			
7				
8	Name of related party	Relationship		
9				
10				
11				
12	Related Party Transactions (as per undertakings)			(\$000)
13	Name of related party	Transaction category	Description of transaction	Average unit price or equivalent
14		Revenue/Opex/Capex/Asset use/etc		Value
15				
16				
17				
18				
19	Other Related Party Transactions (as per NZ GAAP)			
20				
21				
22				
23				
24				
25				

Page X

Schedule 10: Commentary on schedules

For Year Ended	LFC 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	
Page X	

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**.