

8 July 2021



**Submission on:**

**Fibre Information Disclosures draft  
decisions**

**Input Methodologies amendments draft  
decision**

**Northpower Fibre Limited**

**Public version**

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Thank you for the opportunity to provide feedback on the Fibre Information Disclosure draft decisions (**IDs**). We acknowledge there were several other documents released for comment by the Commission relating to PQ regulation along with the IDs and IMs but we have chosen to comment only on the IDs as they are the most relevant to us.

As you know, Northpower Fibre Limited (**Northpower Fibre**) is responsible for the construction and operation of the Ultrafast Broadband (**UFB**) network in the Whangarei and Kaipara districts. Its UFB area has a potential 33,000 connections once build is complete.

We have set out below our comments on the IDs. We have chosen to focus on only the key issues of importance to us in this submission.

We are aware that a submission has been prepared by other local fibre companies (**LFCs**), Ultrafast Fibre and Enable Networks. We agree with the general principles of that submission.

### **General comments**

We note the general similarities between the IDs and the existing Part 4 regime. We consider that as fibre networks are relatively new, the businesses are not yet at the level of maturity required for the level of disaggregation and detail proposed in the IDs. A broader, more aggregated approach would be more proportionate to the size and complexity of the business. Given the networks are newly constructed, at this time in the regulatory cycle, a more appropriate focus would be on the day to day operations of these networks rather than the longer term capital expenditure.

We further comment that all forecast information required under the IDs should be disclosed to the Commission on a confidential basis. As LFCs are not true monopolies (they face competition from other technologies) the information is commercially sensitive and would unfairly benefit competitors.

### **Quarterly reporting**

We believe that quarterly disclosure of quality and pricing metrics which are director certified is too frequent. Arranging for the requisite Board meetings and papers to obtain director certificates requires at least 2 weeks' lead-in and as such will make the 31 March deadline for 1<sup>st</sup> quarter reporting very difficult to achieve. In addition, from a governance perspective we have concerns with asking directors to certify the accuracy of information that is still subject to audit (assuming the audit will take place after the full financial year is complete). As there are existing restrictions on how often prices can increase, we do not believe there is a need to disclose pricing information every quarter - prices can change annually in accordance with wholesale services agreements.

We also have concerns with the periods of information that are subject to audit. Audit of separate quarterly periods will increase compliance costs as they will need to be run as individual audit engagements, as opposed to auditing 12 months of information as one audit. We would prefer the latter approach.

### ***Deferral of first reporting period***

Northpower Fibre changed its balance date on 30 June 2021 to align with that of its parent company, Northpower Limited and to meet requirements for subsidiary companies under the Companies Act 1993. Northpower Fibre's new balance date is 31 March and its 2022 financial year will end on 31 March 2022.

As a result of having an early balance date, Northpower Fibre will be required to report its first regulatory period in August 2022 which is only 8 months after the regime commences. This results in a net difference of 9 months between when Northpower would need to first report and when Chorus, for example would need to report. We submit that it would be more equitable amongst LFCs and Chorus to allow Northpower Fibre (and other LFCs with early balance dates) to defer the first reporting period (of 3 months, January 2022 - 31 March 2022) until the FY23 regulatory period so that Northpower Fibre would disclose both its first 3 month regulatory period and its second 12 month regulatory period in August 2023. This would allow additional time to ensure the reporting systems and adjustments are fully developed.

### ***Financial information***

We have reviewed the schedules of required financial information in detail. Whilst Northpower Fibre would, provided we had sufficient time and the determination had clear and distinct definitions of different categories, be able to provide the level of financial information detail requested, we do have concerns about the amount of time and resource it will take to collate and produce this information and the level of subjectivity it may introduce. We consider that a higher level of aggregation of categories of the information requested generally, would reduce both the time and cost involved in having to comply with the schedules and would also make comparison and analysis of the information by the interested persons easier. As a general rule, the higher the levels of aggregation, the easier the information will be to compare.

As an example, the sub-categories of Extending the network, Installations and Network capacity currently under Expenditure on Assets could all be aggregated.

With Schedule 10: ID-FFLAS Asset Register, we have the following specific concerns in particular:

- We seek clarification of the definitions of the following terminologies mentioned in the schedule. They are not commonly defined in our GIS system and would require some form of adjustment to the system based on their definitions to be able to obtain the information.
  - Cabinet Distribution Fibre
  - Direct Fed Fibre
  - Fibre Route Length
- We seek for clarification on the difference of FTTN / FTTP Cabinets mentioned under both Layer 1 and Layer 2 assets.
- Our GIS system does not record internal asset volumes, only aerial and underground.

### **Quality information**

We have reviewed the proposed quality metrics required to be reported under the draft IDs. In general, we support the broad approach being taken but we have some concerns about specific metrics that are being requested and the value that reporting them would produce.

Again, we believe that a higher level of aggregation would be more appropriate for some categories of information. We have a general concern that reporting quality information to the level proposed will require manual adjustments and as the systems and processes would need to be auditable at this level, there is a higher compliance cost involved in both auditing and the compiling the data.

In particular, we have the following specific concerns:

We submit that the requirement to forecast traffic will be very difficult to do with any accuracy.

#### *Schedule 20(i)*

We are unable to split the transport services metrics into Residential and Business categories as our systems do not capture this information.

We do not understand the requirement for reporting the Layer 2 “transport service” as a category as we believe this is a Layer 1 only measure.

#### *Schedule 20(ii)*

We submit that there needs to be a category for “non regulated provider faults” to recognise faults that are due to a third party actions (many faults arise as a result of third party actions e.g. cable strikes).

#### *Schedule 20(iv)*

We are unsure as to what the term “National” means. We submit that there needs to be some clarity on what services this measure covers. Is it based on distance or product type?

We submit that port utilisation should be reported on at 10 minute intervals. We are unable to report on port utilisation at 5 minute intervals. We currently run approximately 8-10 minute cycles so are able to report at 8-10 minute intervals. We would have to invest significantly in additional testing equipment in order to meet a 5 minute interval requirement.

#### *Schedule 20 (v)*

Our current customer survey reporting does not cover all of the measures in this schedule. We do not capture:

- Pre-installation satisfaction
- Appointment satisfaction
- Co-ordination between access seeker and regulated provider

As such, we submit that the disclosures should reflect what is currently surveyed to avoid the time and cost involved in capturing the additional information.

#### **Pricing information**

We do not believe pricing information will change frequently and we refer to our comments on quarterly reporting above in terms of frequency of reporting of this.

We submit that reporting of service availability data at a CO level is unnecessary. Northpower Fibre has 19 COs in its UFB area. We could report at a higher geographic area level which might be more useful and would have less of an impact on resources e.g. Whangarei (5 COs), Mangawhai (3 COs), One Tree point/Ruakaka(3 COs) etc.

We thank you again for the opportunity to provide feedback.

Please contact Darren Mason ([darren.mason@northpowerfibre.co.nz](mailto:darren.mason@northpowerfibre.co.nz)) if you would like to discuss any aspect of this submission further.

Darren Mason

**Chief Executive**

Northpower Fibre Limited