

Public version

Chorus Information Disclosure Determination 2012

Decision No: NZCC 16

Chorus information disclosure determination under section 156AU of the Telecommunications Act 2001 applicable to Chorus Limited.

The Commission:

Dr. R. Patterson

A. Mazzoleni

P. Duignan

Dr S. Gale

Date: 28 June 2012

CONTENTS

PART 1	GENERAL PROVISIONS	3		
1.1	TITLE, COMMENCEMENT, AND APPLICATION			
1.2	INTERPRETATION	3		
PART 2	DISCLOSURE REQUIREMENTS	6		
2.1	INFORMATION DISCLOSURE	6		
2.2	ANNUAL REPORTING REQUIREMENTS	6		
2.3	ASSURANCE REQUIREMENTS	7		
2.4	CERTIFICATES AND STATUTORY DECLARATIONS	8		
2.5	DATA RETENTION REQUIREMENTS	9		
	METHODOLOGY	10		
3.1	REGULATORY REPORTING PRINCIPLES	10		
3.2	CONSISTENCY WITH OTHER REPORTING	10		
3.3	DATA SOURCES FOR NON-FINANCIAL DATA	11		
3.4	PRODUCT STATEMENTS	11		
3.5	CANDIDATE AREA REPORTING	11		
PART 4	OTHER MATTERS	12		
4.1	CONFIDENTIAL INFORMATION	12		
4.2	EXEMPTION PROCESS	12		
4.3	CURRENT EXEMPTIONS	12		
Schedul	e 1: Report on Earnings	14		
Schedul	e 2: Report on Regional Earnings	15		
Schedul	e 3: Report on UFB Fixed Assets and Fixed Asset Movements	16		
Schedul Infrastr	e 3a: Report on Fixed Assets and Fixed Asset Movements for Existing ucture	17		
Schedule 4: Report of Fixed Asset Volumes				
Schedule 5: Report on Product Information				
Schedul	e 6: Exception Report on Pricing	20		
Schedul	e 7: Report on Service and Product Performance	21		
Schedul	e 8: Report on Network Capacity and Utilisation	22		
Schedul	e 9: Commentary on Schedules	23		
Attachn	nent A: Certificate for disclosed information	24		
Attachment B: Certificate by technical expert 2				
Attachment C: Technical glossary to Schedules 1–9				

PART 1 GENERAL PROVISIONS

1.1 TITLE, COMMENCEMENT, AND APPLICATION

- (1) This determination is the Chorus Information Disclosure Determination 2012.
- (2) This determination comes into force on the **effective date.**

1.2 INTERPRETATION

- (1) Terms in bold type have the meaning given to those terms in clause 1.2(5). Technical terms used in the schedules to this determination are defined in Attachment C.
- (2) Terms used in this determination that are defined in the **Telecommunications Act** but not this determination, have the same meaning as in the **Telecommunications Act**.
- (3) Nothing in this determination limits the **Commission's** authority to:
 - (a) amend this determination; or
 - (b) require any other statements, reports, agreements, particulars, or other information under Part 2B of the **Telecommunications Act** or under any other provision of the **Telecommunications Act** or any other enactment.
- (4) In this determination, unless the context otherwise requires:
 - (a) clause and part headings are for convenience only, and are not part of this determination;
 - (b) references to clauses are references to clauses in this determination; and
 - (c) the singular includes the plural and vice versa.
- (5) In this determination the words or phrases in bold type bear the following meanings:

active connection means a connection over which an **RSP** is providing a UFB service to an **end user**;

candidate area means an area (within the coverage area) identified in **Chorus'** Network Deployment Plan plus any greenfield areas that arise in, or are adjoining, that area;

CFH means Crown Fibre Holdings Limited;

Chorus means Chorus Limited and its subsidiaries;

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 with the exception of the period ending 30 June 2012 which commences on 1 December 2011;

effective date means the day following the date of publication of this determination in the Gazette under section 6(1)(a) of the **Telecommunications Act**:

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

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

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

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

NZ GAAP means New Zealand Generally Accepted Accounting Practice;

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

operating revenue means the total revenue from all products;

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

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

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

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

relevant services has the meaning given in section 156AB of the **Telecommunications 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;

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

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

Telecommunications Act means the Telecommunications Act 2001;

PART 2 DISCLOSURE REQUIREMENTS

2.1 INFORMATION DISCLOSURE

Subject to any exemptions granted in accordance with clause 4.2, from the **effective date**, **Chorus** must comply with the information disclosure requirements set out in this determination and, in particular, must comply with:

- (a) the requirement to disclose information about the costs and characteristics of **relevant services** and the **Chorus LFC fibre network** in clause 2.2;
- (b) the assurance and certification requirements in clauses 2.3 and 2.4; and
- (c) the requirement to retain data in clause 2.5.

2.2 ANNUAL REPORTING REQUIREMENTS

- (1) No later than 30 November following the close of each **disclosure year**, **Chorus** 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; and
 - the Commentary on Schedules in the form set out in schedule9;

- (b) provide an electronic copy of each report required by clause 2.2(1)(a) to the **Commission** as an unlocked file which can be read and manipulated in Microsoft Excel;
- (c) include in the commentary boxes of schedule 9, commentary on, but not limited to:
 - (i) a summary of the changes made to the procedures or assumptions used to prepare schedules 1 to 8;
 - (ii) a description of the impact or effect of those changes on schedules 1 to 8; and
 - (iii) commentary on any material event or factor which impacts the costs and characteristics reported in schedules 1 to 8;
- (d) provide the Commission an information database of Chorus' LFC fibre network information, in summarised form, that 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 **Chorus' LFC fibre network** to which **Chorus** has a right of use (exclusive or non-exclusive) via an **operating** lease or other similar agreement.
- (2) In completing the Exception Report on Pricing in accordance with clause 2.2(1)(a)(vii), **Chorus** must include:
 - (a) all **retail service providers** that together constitute at least 90% of Chorus' **operating revenue**; and
 - (b) the five largest **retail service providers** by **operating revenue** from Chorus **products**.

2.3 ASSURANCE REQUIREMENTS

- (1) Chorus must provide to the Commission an assurance report for the reports on financial costs and characteristics for that disclosure year.
- (2) The assurance report required by clause 2.3(1) must be prepared by an **independent 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 **independent auditor**;
 - (b) the scope and limitations of the audit;

- (c) the existence of any relationship (other than that of assurance provider) which the independent auditor has with, or any interests which the independent auditor has in, Chorus or any of its subsidiaries;
- (d) whether the independent auditor has obtained all information and explanations that he or she has required, and if not the information and explanations not obtained;
- (e) whether, in the independent auditor's opinion, as far as appears from an examination of them, proper accounting records have been kept by Chorus so as to enable the complete and accurate compilation of required information;
- (f) whether, in the **independent 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 Chorus' directors and the Commission for the purpose of providing assurance as to whether the reports on financial costs and characteristics has been prepared, in all material respects, in accordance with this determination. For the avoidance of doubt this sub-clause does not require the assurance report to be addressed to the Commission.
- (3) The assurance report required under this clause must include an opinion on any prior year comparison for which an **independent auditor** has not previously provided an opinion.
- (4) In respect of non-financial information, included in the **reports on financial costs and characteristics**, the **independent auditor** may rely on and refer in their assurance report to records that are certified by **Chorus'** management **technical experts** in accordance with the competency and capability provisions of the relevant International Standard on Auditing (New Zealand).

2.4 CERTIFICATES AND STATUTORY DECLARATIONS

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

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

2.5 DATA RETENTION REQUIREMENTS

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

PART 3 METHODOLOGY

3.1 REGULATORY REPORTING PRINCIPLES

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

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

3.2 CONSISTENCY WITH OTHER REPORTING

Chorus must:

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

components of **Chorus' LFC fibre network**, and, when comparable information is provided to **CFH**, these asset categories should be consistent with those that **Chorus** uses to report to **CFH**.

3.3 DATA SOURCES FOR NON-FINANCIAL DATA

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

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

3.4 PRODUCT STATEMENTS

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

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

3.5 CANDIDATE AREA REPORTING

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

- (a) is covered by Chorus' Network Infrastructure Agreement, and at the end of that disclosure year, the number of Chorus' active connections is greater than or equal to 5% of the premises passed by Chorus' LFC fibre network in the candidate area; or
- (b) is not covered by Chorus' Network Infrastructure Agreement, and at the end of the disclosure year, the number of Chorus' active connections is greater than or equal to 2.5% of the premises passed by Chorus' LFC fibre network in the candidate area.

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 **Chorus** considers confidential, **Chorus** must, when disclosing that information to the **Commission**:

- (a) clearly identify the information in the document for which **Chorus** requests confidentiality;
- (b) state the specific reasons as to why the publication of the information would be likely to unreasonably prejudice the commercial position of Chorus and/or the person who is the subject of the information; and
- (c) provide a certification, in writing, by counsel for **Chorus** that he or she considers that disclosure of the information identified as confidential would be likely to unreasonably prejudice the commercial position of **Chorus** and/or the subject of the information.

4.2 EXEMPTION PROCESS

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

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

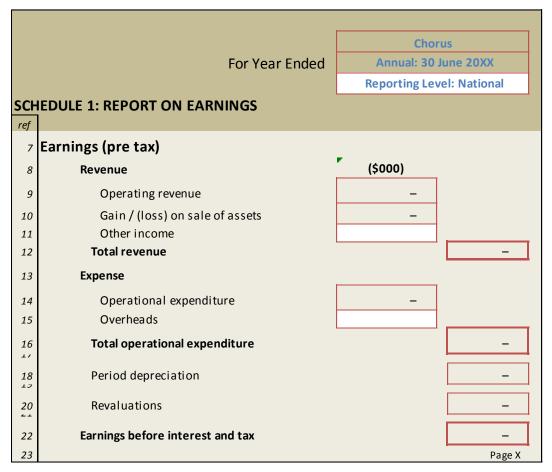
4.3 CURRENT EXEMPTIONS

Notwithstanding anything to the contrary contained in this determination:

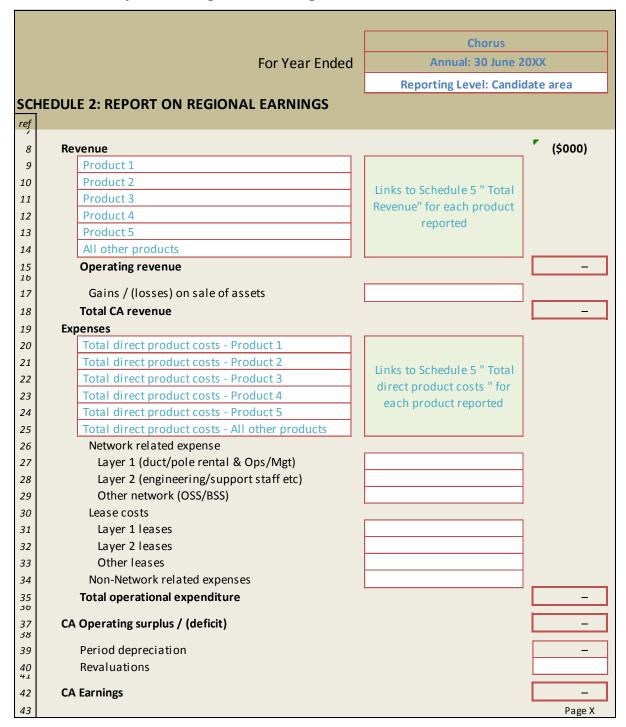
- (a) For the **disclosure year** ending June 2012, **Chorus** is not required to complete or provide the following reports:
 - (i) the Report on Fixed Assets and Fixed Asset Volumes set out in schedule 4;
 - (ii) the Report on Product Information set out in schedule 5;
 - (iii) the Exception Report on Pricing set out in schedule 6;
 - (iv) the Report on Service and Product Performance set out in schedule 7;
 - (v) the Report on Network Capacity and Utilisation set out in schedule 8; and

- (vi) The Commentary on Schedules in the form set out in schedule9.
- (b) For the **disclosure year** ending June 2012, **Chorus** is not required to provide the information specified in the following reports other than the information listed below:
 - for the Report on Regional Earnings set out in schedule 2 the product revenue information included under the heading revenue; and
 - (ii) for the Report on Fixed Assets and Fixed Asset Movements set out in Schedule 3, and the Report on Fixed Assets and Fixed Asset Movements for Existing Infrastructure set out in Schedule 3a, the total layer 1 assets and total layer 2 assets, completed for all applicable columns.
- (c) For the **disclosure year** ending June 2012, **Chorus** is required to provide the information specified in the Report on Earnings set out in Schedule 1 under the heading revenue by 30 November 2012, and all other information by 30 November 2013.
- (d) For the disclosure year ending June 2012, Chorus is not required to provide the Commission information on Chorus' database of LFC fibre network characteristics as specified in clause 2.2(d).
- (e) For the **disclosure year** ending June 2012, **Chorus** is not required to provide an assurance report as specified in clause 2.3 or any of the certificates specified in clause 2.4.
- (f) For the **disclosure years** ending June 2012 and June 2013, **Chorus** is not required to comply with the **candidate area** reporting requirements specified in clause 3.5 for schedules 3, 3a, 4, 5, 6, 7 and 8.
- (g) For the **disclosure years** ending June 2013, **Chorus** is not required to comply with the **candidate area** reporting requirements specified in clause 3.5 for schedule 2, should Chorus:
 - (i) have uniform pricing (also known as national pricing) for the relevant services across all candidate areas in which Chorus operates its LFC fibre network; and
 - (ii) provide the **Commission** with documented evidence which objectively demonstrates that Chorus has uniform pricing as specified in clause 4.3(1)(g)(i).

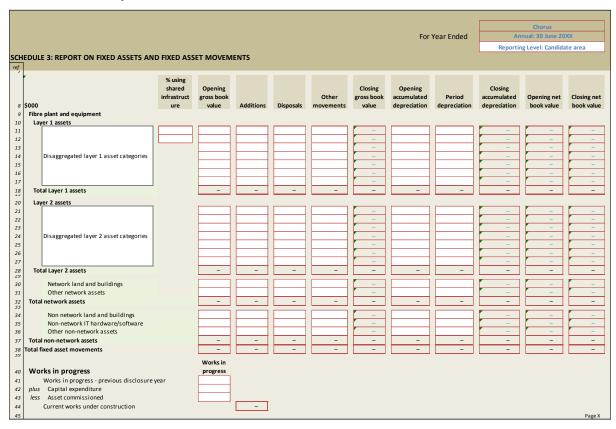
Schedule 1: Report on Earnings



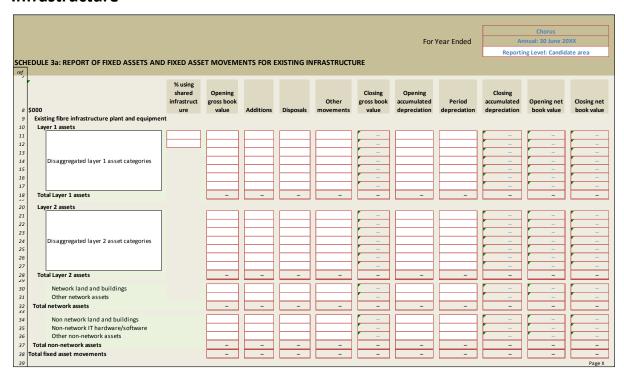
Schedule 2: Report on Regional Earnings



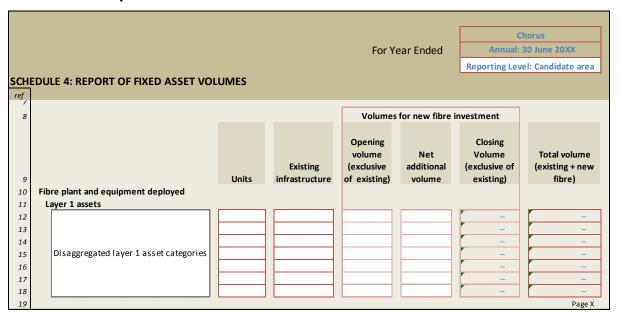
Schedule 3: Report on UFB Fixed Assets and Fixed Asset Movements



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



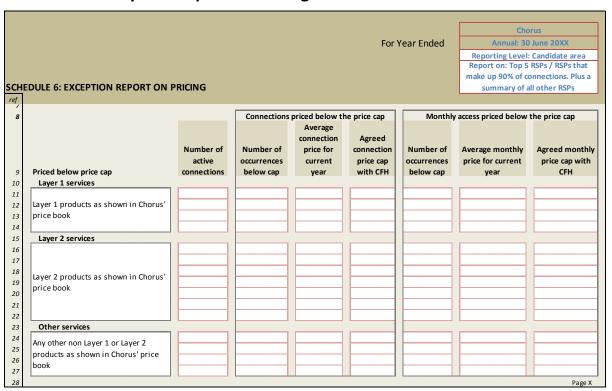
Schedule 4: Report of Fixed Asset Volumes



Schedule 5: Report on Product Information

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

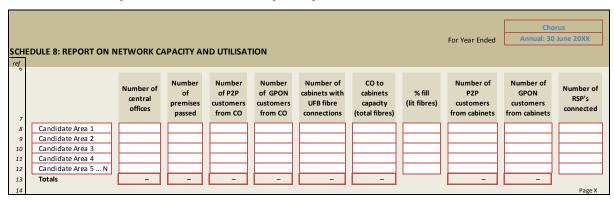
Schedule 6: Exception Report on Pricing



Schedule 7: Report on Service and Product Performance

				Chorus			
For Year Ended			Annual: 30 June 20XX				
				Reporting Level: Candidate area			
					Report on: Top 5 RSPs (based on connections). Plus a summary of all		
SCH	SCHEDULE 7: REPORT ON SERVICE AND PRODUCT PERFORMANCE			other RSPs			
ref /							
			Number of				
8	SERVICE PERFORMANCE	Occurrences	breaches	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	Availability (all users)		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					Page X		

Schedule 8: Report on Network Capacity and Utilisation



Schedule 9: Commentary on Schedules

	Chorus				
For Year Ended	Annual: 30 June 20XX				
SCHEDULE 9: COMMENTARY ON SCHEDULES					
Schedule 1: Report on Earnings					
Schedule 2: Report on Regional Earnings					
Schedule 3: Report of Fixed Assets and Fixed Asset 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				

Attachment A: Certificate for disclosed information

We, [insert full names], directors of Chorus Limited, certify that, having made all reasonable enquiry, to the best of our knowledge the following attached information prepared for the purposes of fulfilling the requirements contained in the Chorus Information Disclosure Determination 2012 for the Disclosure Year [insert current disclosure year] complies with the Determination –

• [Insert list of information to be certified]

[Signature of two directors]
[Date]

Attachment B: Certificate by technical expert

I [insert full name], being a [insert role of technical expert] of Chorus Limited, certify that having made all reasonable enquiry, to the best of my knowledge that the following assumptions and methodologies used in preparing the information disclosed to the Commission in compliance with the Chorus Information Disclosure Determination 2012 for the Disclosure Year [insert current disclosure year] are objectively justifiable and reasonable, and have been documented in records retained by Chorus Limited in accordance with Part 2 of the Determination, —

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

[Signature of technical expert]

[Date]

Attachment C: Technical glossary to Schedules 1–9

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

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

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

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

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

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

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

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

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

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

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

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

candidate area means an area (within the coverage area) identified in agreements between **Chorus** and **CFH** in which **Chorus** is to deploy an **LFC fibre network**, including any greenfield areas that arise in, or are adjoining, that area;

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

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

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

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

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

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

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

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

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

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

current year means the current disclosure year;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

gross book value means the original (historical) price paid for an asset, without any depreciation deduction;

layer 1 means layer 1 of the OSI Model, which is normally associated with passive fibre optic network infrastructure;

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

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

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

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

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

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

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

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

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

Network Infrastructure Project Agreement or **NIPA** means the Network Infrastructure Project Agreement signed between **Chorus** and **CFH**;

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

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

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

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

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

number of GPON customers from cabinets means the number of connected GPON customers from all cabinets in a candidate area;

number of GPON customers from CO means the number of GPON customers 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 CFH;

number of P2P customers from cabinets means the number of connected P2P customers from all cabinets in a candidate area;

number of P2P customers from CO means the number of P2P customers 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**;

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

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

revaluations are to be used in accordance with NZ GAAP;

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

work 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.