

**Draft of Telecom Accounting Separation
Information Disclosure Requirements for
Financial Years ending 2009 and 2010**

6 March 2009



COMMERCE COMMISSION

Telecom Accounting Separation Information Disclosure Requirements for Financial Years ending 2009 and 2010

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Pursuant to Part 2B of the Telecommunications Act 2001, the Commerce Commission makes the following requirements.

1. Title, commencement, and application

- 1.1 These Requirements are the Telecom Accounting Separation Information Disclosure Requirements for Financial Years ending 2009 and 2010.
- 1.2 These Requirements come into force on the Effective Date.
- 1.3 These Requirements apply in respect of the financial years ending on 30 June 2009 and 30 June 2010.

2. Interpretation

- 2.1 In these Requirements, unless the context otherwise requires –

Access Services Group means the Services Group consisting of all business activities and services provided by Telecom’s ANS Unit as if it was operated as an independent or unrelated company, including –

- (i) all Relevant Network Access Services;
- (ii) any services provided over Telecom’s Local Access Network; and
- (iii) that portion of Shared Services activities provided in support of any of the foregoing;

but excluding any activities or services attributable to another Services Group.

Annual Report means a report prepared by Telecom under section 208 of the Companies Act 1993.

Commission means the Commerce Commission established by section 8 of the Commerce Act 1986.

Compliance Monitoring Information means the information provided to the Commission for the purpose of monitoring Telecom’s compliance with these Requirements, as set out in clause 18.1.

Detailed Regulatory Statement of Fixed Assets means a financial statement of all of the property, plant, and equipment with an accounting life greater than one year for each of the Access Services Group, Wholesale Services Group, and Retail Services Group, to a level of detail specified in the Manuals.

Effective Date means the day following the date of publication of these requirements in the *Gazette* under section 6(1)(a) of the Telecommunications Act.

Financial Year means the period of 12 months commencing on 1 July in any year and ending with 30 June in the following year.

Independent Auditor, in relation to any information, means a person who –

- (i) is qualified for appointment as auditor of a company under the Companies Act 1993;
- (ii) has no relationship with, or interest in, Telecom that is likely to involve the person in a conflict of interest;
- (iii) 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 these Requirements) on the methodologies or processes used in compiling the information; and

- (iv) is not associated with nor directed by any person who has provided any such assistance, advice, or opinion.

Manuals means documents, to be prepared by Telecom, which set out the methodologies used to prepare the information required by these Requirements, being an attribution methodologies manual, an asset valuation manual, and an accounting policies manual.

Network Activity Statement means a statement detailing the average unit cost and related information for the network components listed in the Schedule of Network Components.

New Zealand Framework means the *New Zealand Equivalent to the IASB Framework for the Preparation and Presentation of Financial Statements*, issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants in June 2005, as amended in January 2009.

NZ GAAP means Generally Accepted Accounting Practice as defined in section 3 of the Financial Reporting Act 1993.

Other Services Group means the Services Group consisting of –

- (i) all activities and services provided outside New Zealand; and
- (ii) all activities and services provided (or necessary for the provision of) all services provided by Telecom but not provided by the Access Services Group, Wholesale Services Group, or the Retail Services Group, including Telecom's corporate management and international services, but excluding that portion of Shared Services and Finance that is attributed to another Services Group.

Part 2B means Part 2B of the Telecommunications Act.

Product Statement means a financial statement summarising revenues, expenses, and supporting information for the applicable Financial Year in accordance with the form of report in Appendix E for a service listed in Appendix F.

Publish means to comply with the provisions of clause 14.

Regulatory Financial Statements mean the Regulatory Statements of Financial Performance, the Regulatory Statements of Fixed Assets, and the Regulatory Statements of Mean Capital Employed, and any consolidated version of these statements.

Regulatory Statement of Fixed Assets means a financial statement that describes property, plant, and equipment with an accounting life greater than one year, their dollar values, the life of the assets, and the accumulated depreciation, for certain Service Groups as set out in these Requirements.

Regulatory Statement of Asset Movements means a financial statement describing the movement of assets within a Services Group during a Financial Year, including the opening assets; the additions to assets including capital investments during the Financial Year; the deductions from assets, including depreciation, during the Financial Year; and the closing assets.

Regulatory Statement of Financial Performance means the financial statements summarising revenues and expenses for the applicable Financial Year in accordance with the form of report in Appendix B.

Regulatory Statement of Mean Capital Employed means, for the applicable Financial Year, a financial statement of the mean capital employed being the sum

of the fixed assets, intangible assets, inventories and debtors less creditors, and any short term provisions, calculated as the average of the start capital employed and the end value for the year, but excluding taxes, dividends, short and long-term debt, and goodwill.

Retail Services Group means the Services Group consisting of all activities and services provided by Telecom directly to end-users including –

- (i) those provided by Telecom's Retail Unit;
- (ii) retail mobile services;
- (iii) those provided under the Gen-i brand; and
- (iv) those that would be provided by Telecom's Retail Unit if it was operated as an independent or unrelated company, including that portion of Shared Services activities provided in support of any of the foregoing;

but excluding any activities or services attributable to another Services Group.

Schedule of Network Components means a report detailing the functional elements of the network that are necessary for the provision of services provided by the Access Services Group, the Wholesale Services Group, and/or the Retail Services Group.

Services Group means any of the four categories in or to which all business activities and services of Telecom must be allocated and/or attributed, being the Access Services Group, the Other Services Group, the Retail Services Group, and the Wholesale Services Group.

Telecom has the same meaning as given to that term in section 5 of the Telecommunications Act.

Telecommunications Act means the Telecommunications Act 2001.

Undertakings means the Telecom Separation Undertakings as provided to the Minister of Communications on 25 March 2008 in accordance with section 69K(2)(c) of the Telecommunications Act.

Wholesale Services Group means the Services Group consisting of all business activities and services provided by Telecom on a wholesale basis, whether internally to Telecom or externally to another service provider, including –

- (i) Relevant Wholesale Services; and
- (ii) any activities or services that would, if the Wholesale Unit was operated as an independent or unrelated company, be attributable to the Wholesale Unit, including wholesale mobile services and that portion of Shared Services activities provided in support of any of the foregoing;

but excluding any activities or services attributable to another Services Group.

Wholesale Services Group (Relevant Services) means that portion of the activities, services, and products of the Wholesale Services Group attributable to Relevant Wholesale Services.

Wholesale Services Group (Other Services) means that portion of the activities and services of the Wholesale Services Group not attributable to Relevant Wholesale Services.

- 2.2 A capitalised term used in these Requirements that is not defined in clause 2.1 has the meaning given to that term in the Undertakings. In the event of any inconsistency between the terms in the Undertakings and the defined terms in clause 2.1, the defined terms in clause 2.1 will prevail.
- 2.3 Nothing in these Requirements limits the Commission's authority to –
- (a) amend these Requirements, or
 - (b) require any other statements, reports, agreements, particulars, or other information under Part 2B.
- 2.4 These Requirements are to be interpreted as if they were regulations and the Interpretation Act 1999 applied to them.
- 2.5 In these Requirements, unless the context otherwise requires:
- (a) clause and part headings are for convenience only, and are not part of these Requirements;
 - (b) references to clauses are references to clauses in these Requirements;
 - (c) the singular includes the plural and vice versa;
 - (d) reference to a statute means that statute as amended or re-enacted from time to time and includes subordinate legislation;
 - (e) except where these Requirements expressly provide otherwise, reference to a document means that document as amended from time to time.

Part 1 – Information Disclosure

3. 2009 Regulatory Statements of Financial Performance

No later than 31 December 2009, Telecom must –

- (a) complete a consolidated Regulatory Statement of Financial Performance for the 2008/2009 Financial Year by preparing a report containing all information specified in Appendix A; and
- (b) complete separate Regulatory Statements of Financial Performance for the 2008/2009 Financial Year by preparing a report containing all information specified in Appendix B for each of the –
 - Access Services Group,
 - Wholesale Services Group,
 - Retail Services Group, and
 - Other Services Group; and
- (c) Publish the reports required by paragraphs (a) and (b) of this clause.

4. 2009 Regulatory Statements of Mean Capital Employed

No later than 31 December 2009, Telecom must –

- (a) complete a consolidated Regulatory Statement of Mean Capital Employed for the 2008/2009 Financial Year by preparing a report containing all information specified in Appendix C; and
- (b) complete separate Regulatory Statements of Mean Capital Employed for the 2008/2009 Financial Year by preparing a report containing all information specified in Appendix D for each of the –
 - Access Services Group,
 - Wholesale Services Group,
 - Retail Service Group, and
 - Other Services Group; and
- (c) Publish the reports required by paragraphs (a) and (b) of this clause.

5. 2009 Regulatory Statements of Fixed Assets

5.1 No later than 31 December 2009, Telecom must –

- (a) complete separate opening Regulatory Statements of Fixed Assets for the 2008/2009 Financial Year for each of the –
 - Access Services Group, and
 - Wholesale Services Group; and
- (b) Publish those statements.

5.2 No later than 31 December 2009, Telecom must –

- (a) complete separate closing Regulatory Statements of Fixed Assets for the 2008/2009 Financial Year for each of the –
 - Access Services Group,
 - Wholesale Services Group (Relevant Services), and

- Wholesale Services Group (Other Services); and
- (b) Publish those statements.

6. 2010 Regulatory Statements of Financial Performance

No later than 1 December 2010, Telecom must –

- (a) complete a consolidated Regulatory Statement of Financial Performance for the 2009/2010 Financial Year by preparing a report containing all information specified in Appendix A; and
- (b) complete separate Regulatory Statements of Financial Performance for the 2009/2010 Financial Year by preparing a report containing all information specified in Appendix B for each of the –
 - Access Services Group,
 - Wholesale Services Group (Relevant Services),
 - Wholesale Services Group (Other Services),
 - Retail Services Group, and
 - Other Services Group; and
- (c) Publish the reports required by paragraphs (a) and (b) of this clause.

7. 2010 Regulatory Statements of Mean Capital Employed

No later than 1 December 2010, Telecom must –

- (a) complete a consolidated Regulatory Statement of Mean Capital Employed for the 2009/2010 Financial Year by preparing a report containing all information specified in Appendix C; and
- (b) complete separate Regulatory Statements of Mean Capital Employed for the 2009/2010 Financial Year by preparing a report containing all information specified in Appendix D for each of the –
 - Access Services Group,
 - Wholesale Services Group (Relevant Services),
 - Wholesale Services Group (Other Services),
 - Retail Services Group, and
 - Other Services Group; and
- (c) Publish the reports required by paragraphs (a) and (b) of this clause.

8. 2010 Regulatory Statements of Fixed Assets

No later than 1 December 2010, Telecom must –

- (a) complete separate closing Regulatory Statements of Fixed Assets for the 2009/2010 financial year for each of the–
 - Access Services Group,
 - Wholesale Services Group (Relevant Services), and
 - Wholesale Services Group (Other Services); and
- (b) Publish those statements.

9. 2010 Product Statements

No later than 1 December 2010, Telecom must –

- (a) complete separate Product Statements for each of the Service Group services listed in Appendix F, disaggregated for each sub-service as required by the applicable Manual, by preparing reports containing all information specified in Appendix E;
- (b) complete a consolidated Product Statement for all business activities and services within the Wholesale Services Group (other than the services listed in Appendix F) by preparing a report containing all information specified in Appendix E;
- (c) complete a consolidated Product Statement for all business activities and services within the Access Services Group by preparing a report containing all information specified in Appendix E; and
- (d) complete a consolidated Product Statement for all business activities and services within the Retail Services Group by preparing a report containing all information specified in Appendix E; and
- (e) Publish the reports required by paragraphs (a) to (d) of this clause.

10. Disclosure of regulatory reconciliation report for 2009

No later than 31 December 2009, Telecom must –

- (a) complete a report reconciling:
 - (i) the consolidated Regulatory Statement of Financial Performance and the consolidated Regulatory Statement of Mean Capital Employed for the 2008/2009 Financial Year, with
 - (ii) the financial statements contained in the Annual Report for the 2008/2009 Financial Year; and
- (b) explain any discrepancies or inconsistencies identified in the reconciliation process by inserting explanations into that reconciliation report; and
- (c) reconcile the difference between the historical cost and current cost asset valuations, which must include details of the underlying methodology, by inserting reconciliations into that reconciliation report; and
- (d) Publish that reconciliation report.

11. Disclosure of regulatory reconciliation report for 2010

No later than 1 December 2010, Telecom must –

- (a) complete a report reconciling
 - (i) the consolidated Regulatory Statement of Financial Performance and the consolidated Regulatory Statement of Mean Capital Employed for the 2009/2010 Financial Year, with
 - (ii) the financial statements contained in the Annual Report for the 2009/2010 Financial Year; and
- (b) explain any discrepancies or inconsistencies identified in the reconciliation process by inserting explanations into that reconciliation report; and

- (c) reconcile the difference between the historical cost and current cost asset valuations, which must include details of the underlying methodology, by inserting reconciliations into that reconciliation report; and
- (d) Publish that reconciliation report.

12. Disclosure of manuals and methodologies used in preparing information

- 12.1 2009 Requirements. No later than 31 December 2009, Telecom must prepare and Publish the Manuals specified in clause 12.3 that were used to prepare the information required by these Requirements to be Published in respect of the 2008/2009 Financial Year.
- 12.2 2010 Requirements. No later than 1 December 2010, Telecom must prepare and Publish the Manuals specified in clause 12.3 that were used to prepare the information required by these Requirements to be Published in respect of the 2009/2010 Financial Year.
- 12.3 The Manuals required to be prepared and Published by Telecom are –
 - (a) an attribution methodologies manual; and
 - (b) an asset valuation manual; and
 - (c) an accounting policies manual.

13. Methodology

- 13.1 Compliance with Manuals and NZ GAAP. Except where these Requirements otherwise provide, all reports, statements, and other information required by these Requirements must be prepared and Published in accordance with the Manuals and, where not superseded by the Manuals, with NZ GAAP.
- 13.2 Transfer Charges. For the avoidance of doubt, Telecom must –
 - (a) where there is an arm's-length, documented arrangement in place for a Telecom Business Unit to supply another Telecom Business Unit with a particular service, record the price indicated in the arrangement –
 - (i) as internal revenue of the Services Group providing the service; and
 - (ii) as a cost of the Services Group receiving the service
 - (b) where there is no arm's-length, documented arrangement in place for a Telecom Business Unit to supply another Telecom Business Unit with a particular service, attribute the costs of providing such a service to the receiving Services Group.
- 13.3 Valuation Standards.
 - (a) Telecom must prepare the information contained in the Regulatory Statements of Financial Performance and the Regulatory Statements of Mean Capital Employed using the –
 - (i) historical cost accounting methodology; and
 - (ii) current cost methodology.
 - (b) Telecom must prepare the information contained in the Product Statements using current cost methodology.
 - (c) Telecom must prepare the information contained in the Regulatory Statements of Fixed Assets using the –

- (i) historical cost accounting methodology at the Services Group level and above; and
- (ii) current cost methodology.

Part 2 – Other Matters

14 Publication

14.1 Where Telecom is required to Publish a report, statement, document, Manual, or other information under these Requirements, Telecom must –

- (a) post the information on the Internet at a URL on Telecom’s website at a location that can be readily found by a wide audience, and that is reserved for the release of information required to be Published under these Requirements; and
- (b) within 10 working days of being requested to do so by any person, provide a copy of the information to the person, either by post or for collection (during ordinary office hours). Telecom is permitted to charge for the cost of providing copies of the information, which shall be no more than is reasonably required to recover the costs of providing those copies.

14.2 The information Published under clause 14.1 must be consistent with the New Zealand Framework, including the qualitative characteristics of understandability, relevance, reliability, and comparability.

14.3 If there is any information required to be Published which Telecom considers confidential, then Telecom must, at least 2 weeks prior to the date on which the information must be Published –

- (a) supply to the Commission a copy of the document containing the information for which Telecom requests confidentiality;
- (b) clearly identify all information in the document for which Telecom requests confidentiality;
- (c) state the specific reasons as to why the disclosure of the information would be likely to unreasonably prejudice the commercial position of Telecom and/or the person who is the subject of the information; and
- (d) provide a certification, in writing, by counsel for Telecom, that he or she considers that exempting the information from Publication is necessary in order to avoid likely unreasonable prejudice to the commercial position of Telecom and/or the subject of the information.

The Commission may exempt confidential information from Publication where the disclosure of that information would not be reasonable under Part 2B of the Telecommunications Act.

15. Exemption process

The Commission may at any time, by written notice to Telecom, –

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

16. Audit requirements

16.1 2009 Requirements. Telecom must Publish the following no later than 31 December 2009 –

- (a) an audit opinion as to whether the Regulatory Financial Statements for the 2008/2009 Financial Year have been prepared to the “presented in all material respects in accordance with” standard; and
- (b) an audit opinion as to whether the Regulatory Financial Statements for the 2008/2009 Financial Year *as a whole* have been prepared to the “presented in all material respects in accordance with” standard.

16.2 2010 Requirements. Telecom must Publish the following no later than 1 December 2010 –

- (a) an audit opinion as to whether the Regulatory Financial Statements for the 2009/2010 Financial Year have been prepared to the “presented in all material respects in accordance with” standard;
- (b) an audit opinion as to whether the Regulatory Financial Statements for the 2009/2010 Financial Year as a whole have been prepared to the “presented in all material respects in accordance with” standard; and
- (c) whether each of the Product Statements for the 2009/2010 Financial Year has been prepared to the “presented in all material respects in accordance with” standard.

16.3 The audit opinions and assessments required by clauses 16.1 and 16.2 must be prepared by an Independent Auditor and accompanied by a report by the 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 auditor;
- (b) the scope and limitations of the audit;
- (c) the existence of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in, Telecom or any of its subsidiaries;
- (d) whether the auditor has obtained all information and explanations that he or she has required;
- (e) whether, in the auditor’s opinion, as far as appears from an examination of them, proper accounting records have been kept by Telecom so as to enable the complete and accurate compilation of required information;
- (f) whether, in the auditor’s opinion, the Regulatory Financial Statements are properly prepared in accordance with these Requirements;
- (g) that the auditor has audited all information and processes required to complete the Regulatory Financial Statements, to the extent such information and processes are not audited as part of Telecom’s statutory reporting processes; and
- (h) that the auditor owes a duty of care to the Commission in respect of the audit opinions and assessments.

16.4 The audit opinions and assessments required by clauses 16.1 must be prepared to a materiality level of –

- (a) 1% of revenue for all Regulatory Statements of Financial Performance and the consolidated Regulatory Statement of Financial Performance;
- (b) 1% of total asset value, being the sum of the current and fixed assets, for all Regulatory Statements of Mean Capital Employed;

- (c) 1% of total fixed asset value for all Regulatory Statements of Fixed Assets; and
- (d) 1% of the net movement of all assets for the Regulatory Statement of Asset Movement.

17. Contents of manuals

17.1 At a minimum –

- (a) the asset valuation manual must describe the historical cost approach and define the current cost valuation methodology;
- (b) the attribution manual must describe –
 - (i) the processes used to implement the attribution methodology and principles consistent with Appendix J,
 - (ii) the development of the Schedule of Network Components,
 - (iii) network components, activities, and usage by service, and
 - (iii) the attribution of Transfer Charges; and
- (c) the accounting policies manual must detail the methodologies, accounting policies, and processes used in preparing the Regulatory Financial Statements; and

17.2 All applicable Manuals must describe –

- (a) the fully-allocated cost methodology to be adopted for preparing historic cost and current cost information; and
- (b) the cost causality principle to be adopted for attribution purposes.

18. Compliance Monitoring Requirements

18.1 The Commission may require, under section 69ZF(1)(b) of the Telecommunications Act, that within 10 days of Publishing the information required for the 2008/2009 Financial Year, Telecom supply to the Commission–

- (a) a Regulatory Statement of Asset Movements for the 2008/2009 Financial Year for the –
 - Wholesale Service Group,
 - Access Services Group, and
 - Retail Services Group;

equivalent to the level of detail set for the Detailed Regulatory Statement of Fixed Assets; and

- (b) a Detailed Regulatory Statement of Fixed Assets which describes all of the assets for each of those Service Groups.

18.2 The Commission may require, under section 69ZF(1)(b) of the Telecommunications Act, that within 10 days of Publishing the information required for the 2009/2010 Financial Year, Telecom supply to the Commission–

- (a) a Regulatory Statement of Asset Movements for the 2009/2010 Financial Year for the –
 - Wholesale Service Group,

- Access Services Group, and
- Retail Services Group; and

equivalent to the level of detail set for the Detailed Regulatory Statement of Fixed Assets, and

- (b) a Detailed Regulatory Statement of Fixed Assets which describes all of the assets for each of those Services Groups; and
- (c) a Schedule of Network Components and a Network Activity Statement for the 2009/2010 Financial Year, containing information similar to the example specified in Appendix I; and
- (d) the stand-alone and long-run incremental costs, which must be derived by attributing the overall costs on the basis of the relevant network components, network activities, and network usage information that are associated with the supply of the service, as required by subclause (c), which must include information detailing the stand-alone cost and long-run incremental cost, including operational and capital cost data, for each service that requires a Product Statement, on a per unit basis, prepared on a current cost basis.

19. 2010 Explanations for variations

- 19.1 If the Manuals, methodology, content, policies, or processes used in preparing a Regulatory Statement of Financial Performance for the 2009/2010 Financial Year are modified, varied, or applied in such a way that they would result in material changes to the 2008/2009 Financial Year Regulatory Statement of Financial Performance, if similarly applied, then Telecom must note the changes and explain any material effect on the 2009/2010 Financial Year report.
- 19.2 If the Manuals, methodology, content, policies, or processes used in preparing a Regulatory Statement of Mean Capital Employed for the 2009/2010 Financial Year are modified, varied, or applied in such a way that they would result in material changes to the 2008/2009 Financial Year Statement of Mean Capital Employed, if similarly applied, then Telecom must note the changes and explain any material effect on the 2009/2010 Financial Year report.
- 19.3 If the Manuals, methodology, content, policies, or processes used in preparing a closing Regulatory Statement of Fixed Assets for the 2009/2010 Financial Year are modified, varied, or applied in such a way that they would result in material changes to the 2008/2009 Financial Year opening or closing Regulatory Statements of Fixed Assets, if similarly applied, then Telecom must note the changes and explain any material effect on the 2009/2010 Financial Year report.

20. Retention of records

- 20.1 Telecom must keep and maintain the information necessary to prepare the Published information throughout the period commencing when the information is first required to be Published by Telecom in accordance with these Requirements and ending 7 years after the date on which the information is first Published.
- 20.2 Telecom must keep all reports, statements, or other information Published on the Internet available on the Internet for 7 years after the date on which the information is first Published.

21. Certificates & Statutory Declarations

- 21.1 All information that is Published under these Requirements must include a certificate, in the form set out in Appendix G, duly signed by 2 Directors of Telecom Corporation of New Zealand Limited.
- 21.2 The Commission may require, under subsection (3)(b) of section 69ZF of the Telecommunications Act, that a Director or senior officer of Telecom Corporation of New Zealand Limited verifies by statutory declaration, in the form set out in Appendix H, all information that is supplied to the Commission under subsection (1) of that section.

Appendix A

Information required for consolidated Regulatory Statements of Financial Performance

Year to 30 June 200X

Service Group	Access	Wholesale		Retail	Other	Adjustments	Group Total - Regulatory Accounts	Reconciliations	Group Total - Statutory Accounts
		Relevant	Non-Relevant						
Revenues									
Internal Revenues									
Internal sales to Wholesale									
Internal sales to Retail									
Internal sales - Other									
External Revenues									
External Sales									
Total Revenue									
Expenses									
Planning & development									
Provision/maintenance									
Network support									
General support									
General management									
Finance & billing									
Accommodation									
Personnel & admin									
Marketing and sales									
Other operating expenses									
Total Expenses									
EBITDA									
Depreciation									
Amortisation									
EBIT									
MCE									

Appendix B

Information required for Regulatory Statements of Financial Performance

Year to 30 June 200X	HCA		CCA	
	200X	200W	200X	200W
Revenues				
Internal Revenues				
Internal sales to Wholesale				
Internal sales to Retail				
Internal sales - Other				
External Revenues				
External Sales				
Total Revenue				
Expenses				
Planning & development				
Provision/maintenance				
Network support				
General support				
General management				
Finance & billing				
Accommodation				
Personnel & admin				
Marketing and sales				
Other operating expenses				
Total Expenses				
EBITDA				
Depreciation				
Amortisation				
EBIT				
MCE				

Appendix C

Information required for consolidated Regulatory Statements of Mean Capital Employed

Year to 30 June 200X

Service Group	Access	Wholesale		Retail	Other	Adjustments	Group Total - Regulatory Accounts	Reconciliations	Group Total - Statutory Accounts
		Relevant	Non-Relevant						
Assets									
Current assets:									
Receivables and prepayments									
Inventories									
Total current assets									
Non-current assets:									
Property, plant and equipment									
Intangible assets (excluding goodwill)									
Total non-current assets									
Total assets									
Short-term liabilities:									
Accounts payable and accruals									
Short-term provisions									
Total short-term liabilities									
Closing Capital Employed HCA									
Mean Capital Employed HCA	X	X	X	X	X	X	X	X	X
Closing Capital Employed CCA									

Appendix D

Information required for Regulatory Statements of Mean Capital Employed

Year to 30 June 200X	200X	200W
	HCA	CCA
Assets		
Current assets:		
Receivables and prepayments		
Inventories		
Total current assets		
Non-current assets:		
Property, plant and equipment		
Intangible assets (excluding goodwill)		
Total non-current assets		
Total assets		
Short-term liabilities:		
Accounts payable and accruals		
Short-term provisions		
Total short-term liabilities		
Total Capital Employed		
Mean Capital Employed	X	

Appendix E

Information required for consolidated Product Statements and for Product Statements

[Regulatory Product] - Financial Performance Statement - Proforma

Year to 30 June 200X	CCA	
	200X	200Y
Revenues		
Internal Revenue		
External Revenue		
Total Revenue		
Expenses		
Directly Attributable Costs		
Other Costs		
Shared Costs from those Telecom management units:		
Chorus		
Wholesale		
T & SS		
Corporate		
Retail		
Total Expenses		
EBITDA		
Depreciation		
Amortisation		
EBIT		
MCE		
Revenue per Unit - Internal	X	X
Revenue per Unit - External	X	X
Volumes - Internal	X	X
Volumes - External	X	X
Average Cost per Unit	X	X

Appendix F

List of Services

- Interconnection with Telecom's fixed PSTN,
- IP interconnection,
- FTTP services, and
- The following Relevant Services:

Access Services

UCLL

MPF Service Monthly Charges

MPF New connection

Sub-Loop

Sub-loop MPF Service monthly charges

Sub-loop MPF New Connection Charges

Sub-loop backhaul

Sub-loop Co-location

Sub-loop Co-location rack space rental

Sub-loop Co-location power rental

Co-location UCLL

Co-location floor space

16A-48V DC Power Capacity

Co-location New Exchange

Co-location New Row

UCLL backhaul

UCLL Backhaul Service – 100Mbps by average distance group

UCLL Backhaul Service – 1 Gbps by average distance group

UCLL Backhaul Service New Connection

Wholesale Services

Unbundled bitstream

BASIC UBA with POTS

BASIC UBA without POTS

Enhanced UBA without POTS

Access Seeker Handover Connection Monthly Rental Charge

UBA Backhaul

UBA Backhaul Service - 50Mbps - by average distance group

UBA Backhaul Service - 100Mbps - by average distance group

UBA Backhaul Service - 200Mbps - by average distance group

UBA Backhaul Service - 1Gbps - by average distance group

UBA Backhaul Service New Connection

Resale Services

Line Rental

Broadband

Appendix G

Certificate for published information

We, *[insert full names]*, directors of Telecom Corporation of New Zealand Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the following attached audited information prepared for the purposes of fulfilling the requirements contained in the *Telecom Accounting Separation Information Disclosure Requirements for Financial Years ending 2009 and 2010* for the Financial Year *[insert current financial year]* complies with those Requirements –

- *[Insert list of information to be certified]*

[Signature of 2 Directors]

[Date]

Appendix H

Statutory Declaration for Compliance Monitoring information

I [*insert full name*], of [*insert address*], being a director of Telecom Corporation of New Zealand Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge and belief, the document(s) attached to this declaration –

(a) is/are the statement(s), report(s), agreement(s), particular(s), information [*specify*] requested by the Commerce Commission [*by letter dated –date- issued by the Commerce Commission pursuant to section 69ZF(1)(b) of the Telecommunications Act 2001*]; and

(b) contain(s) all the statement(s), report(s), agreement(s), particular(s), information [*specify*] in the possession, or under the control, of Telecom Corporation of New Zealand Limited or its subsidiaries that relate to that request.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at [*insert place*] this [*insert day of month*] day of [*insert month and year*].

[*Signature of Director*]

[*Signature of Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration.)*]

Appendix I

Example Schedule of Network Components

The schedule below is provided as an example of the structure and detail that is required for the Schedule of Network Components, the Network Activity Statement and usage.

NETWORK COMPONENTS	NETWORK ACTIVITY										NETWORK USAGE & COST			
Example Schedule	HCA operating cost (\$m)	Supplementary depreciation (\$)	Holding gains and other CCA adjustments	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs relating to current year	Total of operating costs and capital costs relating to current year	Component Volume and Unit	Average costs per unit on a current cost basis relating to current year	Relevant Product A Usage	Relevant Product B Usage	Relevant Product A Cost	Relevant Product B Cost
Access Regional Transport	\$	\$	\$	\$	\$	%	\$	\$	x	\$	%	%	\$	\$
Access National Transport	\$	\$	\$	\$	\$	%	\$	\$	x	\$	%	%	\$	\$
LBA Backhaul Router	\$	\$	\$	\$	\$	%	\$	\$	x	\$	%	%	\$	\$
LCL Backhaul Router	\$	\$	\$	\$	\$	%	\$	\$	x	\$	%	%	\$	\$
etc														

APPENDIX J

Attribution Methodology and Principles

The attribution methodology must describe how costs are treated from their initial appearance in Telecom's accounting records to their final attribution to market serving activities or to network components. The attribution methodology must provide the linkage between the inputs from Telecom's financial records and the regulatory financial performance of the output service groups.

Telecom's revenues, costs, assets, and short term liabilities must be fully attributed, on the basis of causality. The attribution methodology contained in the Manuals must be prepared on the basis of the following principles:

- To provide a high quality mechanism for producing Regulatory Financial Statements that fully attributes Telecom's costs, revenues, assets and short term liabilities;
- To provide a sound basis for the derivation of efficient costs;
- To provide transparency of cost attribution;
- To provide a common platform for the production of regulatory and product financial reporting; and
- To provide a mechanism for deriving the mean capital employed by service and Services Group.
- Revenue (including transfer charges), costs (including transfer charges), assets and liabilities must be attributed to network components, wholesale and retail services in accordance with the activities which cause the revenues to be earned or costs to be incurred on the assets to be acquired or liabilities to be incurred.