

1 June 2017

Leah Scales  
Chief Financial Officer  
Christchurch City Holdings Limited  
PO Box 73016  
**CHRISTCHURCH**

**By email**

Dear Leah

**STATEMENT OF INTENT – 30 JUNE 2018**

Please find attached a copy of Enable Services Limited's Statement of Intent for the year ending 30 June 2018, approved by the Board on 23 May 2017.

Yours sincerely



**Steve Fuller**  
Chief Executive  
Enable Services Limited

Copy to:       Mark Bowman  
                  Amanda Strong  
                  Les Montgomery



**Enable  
Services  
Limited**

---

**STATEMENT OF INTENT  
FOR YEAR ENDING  
30 JUNE 2018**

**enable**  
Fibre Broadband

---

## DIRECTORY

---

Address	PO Box 9228, Christchurch
Registered office	Enable House, 2 <sup>nd</sup> Floor, 106 Wrights Road, Addington, Christchurch
Board	Mark Bowman (Chair) Timothy Lusk Brett Gamble William Luff Owen Scott Charlotte Walshe
Chief Executive	Steve Fuller
Telephone	03 335 1765
Web	<a href="http://enable.net.nz">enable.net.nz</a>
Email	steve.fuller@enable.net.nz

---

## INTRODUCTION

---

This 2018 Statement of Intent (**Sol**) is submitted by the Board of Directors of Enable Services Limited (**ESL**) and is prepared in accordance with Section 64(1) of the Local Government Act 2002.

ESL, which also owns 100% of Enable Networks Limited (**ENL**), together the Enable Group (**Enable**), are both council-controlled trading organisations (**CCTO**) for the purposes of the Local Government Act 2002 and this Sol covers the activities of Enable.

The Sol specifies the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of Enable may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable Sol is a public and legally-required expression of the accountability relationship between Enable and its shareholder, Christchurch City Holdings Limited (**CCHL**). The Sol is reviewed annually with CCHL and covers a three year period.

## OBJECTIVES

---

Enable's vision is

***Our fibre network is the essential enabler of an economically and socially vibrant, connected, innovative and globally competitive greater Christchurch.***

We will drive the realisation of this vision by:

- Successfully delivering the Ultra-Fast Broadband (UFB) network for greater Christchurch, consistent with Crown requirements and in a way that will create world leading 'open access' UFB capability for every home and business within Enable's defined coverage area.
- Operating and managing all aspects of the UFB network to a high level ensuring the delivery of very positive end-user (customer) experiences.
- Driving uptake of UFB services through effective go-to-market strategies based around market-led product development, outstanding retail service provider relationships and innovative end-user marketing activity.

We are also committed to maximising the UFB network asset to secure commercial returns on the UFB investment that meet or exceed the cost of equity capital, taking into account the long-term nature of this infrastructure investment. We are cognisant that long-term returns are impacted by the optimisation of annual returns throughout the build programme.

---

## NATURE AND SCOPE OF ACTIVITIES

---

### *Establishment*

ESL's parent company, CCHL, has stated its intent 'to own and manage key infrastructure investments' that make Christchurch internationally competitive. The economic and social development of Christchurch is a key priority, which a world class open access broadband network supports.

In January 2007, ESL was incorporated as a company and commenced operations in June 2007. Over the next four years it invested in and built a metropolitan open access fibre optic network – winning approximately 600 schools, hospitals and businesses as customers from incumbent network providers.

### *UFB Contract*

In May 2011, ESL entered into an arrangement with CFH (as part of the national UFB initiative) to deliver an open access fibre network providing wholesale fibre broadband services to up to 180,000 homes and businesses in Christchurch, Rangiora, Rolleston, Woodend, Kaiapoi, Lincoln, Templeton and Prebbleton (**UFB contract**).

The UFB Contract initially involved a partnership with CFH which is the Government entity administering the contract and the associated investment through the subsidiary, ENL, in which both ESL and CFH owned shares in ENL. On the 29 June 2016 ESL acquired full ownership of ENL and since ESL and ENL have operated as Enable Group.

Under the UFB contract, we have an obligation to build the UFB network by 31 December 2019. The agreement includes a requirement to build to all schools, hospitals and 90 percent of businesses by 31 December 2015 which has been achieved. We have now completed over 80 percent of the total UFB network build.

We have recently agreed to extend its network past an additional 482 premises on the fringe of its existing Christchurch coverage area as part of the Government's UFB2 extension programme. This will benefit customers in Prestons, Hornby and Kainga, and Kennedys Bush.

Enable provides fibre broadband wholesale services to retail service providers on the UFB network, who then sell these wholesale services as retail fibre based broadband, voice, internet, TV, content and IT services to customers (homes and businesses). We are prohibited from providing retail services or from having a related party that is a vertically integrated telecommunications provider.

Enable will proactively secure customer demand through our ever-expanding array of business partners (retail

service providers) and we will continue to seek and evaluate opportunities that provide the City with 'UFB open access broadband capability' which are compatible with Enable's objectives and the contractual obligations.

Significant network and systems innovation have been achieved, and will continue to occur in network design, network infrastructure and business and network operations. One of our key values is 'innovation' which is encouraged and recognised.

### *Future Mode of Operation*

As Enable reaches the end of our UFB network build programme we are undergoing a transformation that will see our business focus primarily on delivering the best network services and ongoing service experience for our customers – being both our retail service providers, residents and businesses across greater Christchurch.

We are investing to understand the needs of our customers and to ensure we are resourced and structured to best meet their needs.

### *Future Technologies*

Enable maintains an awareness of future fibre technology trends and developments in UFB networks to ensure the network architecture and design provides maximum future value.

Alternative technologies such as copper and wireless are also continually assessed to ensure that the UFB network and products maintain a competitive advantage and that the utilisation of the UFB network is maximised in the delivery of future complimentary wireless networks.

We will also invest in understanding future commercial opportunities and potential to deliver community benefits through the identification, development and application of innovative new technologies. Some of these opportunities will likely be beyond Enable's current scope of activities. The realisation of Smart World opportunities within Christchurch is one such opportunity.

---

## CONTRIBUTION TO THE GROWTH OF GREATER CHRISTCHURCH

---

### *Social Transformation and Development through world-class fibre connectivity*

Enable recognises the significant social and environmental benefits that can be gained for Christchurch through the successful implementation of the UFB project. These benefits are especially important given the impact of the Canterbury earthquakes, and recovery effort and opportunity across the city and region.

The way in which communities across New Zealand connect is transforming, with an increasing demand for quality high speed connectedness, both wireline (fibre) and wireless, anytime, anywhere.

Enable conducts business paying close attention to these areas including:

- Providing affordable wholesale fibre based broadband connectivity.
- Assisting businesses by providing efficient access to new network connections.
- Ensuring new Greenfield developments (subdivisions) adjoining Enable's coverage have access to UFB capability.
- Maximising co-ordination of UFB network deployment works with other infrastructure players involved in the rebuild of Christchurch.
- Ensuring network infrastructure is deployed in a way that minimises the impact to the environment.
- Maximising the opportunity to ensure the large numbers of new commercial and residential buildings in Christchurch are designed and built with provision for fibre connectivity included.

In addition, we work closely with the education, health and business sectors in Christchurch ensuring UFB capability investments are targeted in these areas for the wider good of the community.

Finally, Enable ensures its broadband capability plays a significant role in ensuring Christchurch has a safe community – i.e. continual support and expansion of community based services such as crime prevention camera capability.

All activities are carried out in line with the objective of protecting and growing shareholder value.

### *Retention of Key Staff*

Retention and attraction of talented people is vital to Enable's success and will be achieved by:

- Remunerating people at a competitive market rate, noting that Enable is especially conscious of its public responsibilities in setting senior executives salaries and this is closely monitored by the Board

and reported in the Annual Report.

- Building a culture that stimulates and motivates people to perform in and enjoy their work environment.
- Continuing to implement an industry best-practice Health, Safety and Wellness (**HSW**) management system that ensures the HSW of our people.
- Employing a best-practice performance management framework that will empower our people to perform and grow within Enable.
- Ensuring the leadership team is effective, united and supportive.

### *Health, Safety and Wellness*

Enable ensures it meets all its obligations under the Health and Safety at Work Act (2015). Enable's commitment to HSW goes well beyond regulatory obligations and compliance with a whole-of-business commitment to looking after its people, its partner organisations and their people, its customers and its community.

Enable introduced a new HSW Governance Charter and Plan in 2016 that was an evolution of our previous work done in this area. This new charter and plan is based around a clear vision that 'We Care for Each Other' and includes objectives and an action plan that will ensure the business continues to maintain excellence in our HSW journey. Bringing our HSW Governance Charter and Plan to life and empowering our people to realise our vision is a central part of our ongoing culture and internal communications strategies, and our partnership approach to working with our contractors.

Enable is a member of the New Zealand Business Leaders HSW Forum and has also signed up to the Canterbury Rebuild Safety Charter, along with 325 other local organisations. The latter is a valuable initiative that helps demonstrate a whole-of-community commitment to HSW.

### *Regional and City Planning*

Enable's delivery of the UFB network aligns with and supports the rebuild, recovery and long-term growth plans of local and central Government for greater Christchurch. The UFB network will be fundamental to the future growth of the economic and social wellbeing of the people of Christchurch.

#### *a) Community Outcomes for Christchurch*

Enable's investment in the UFB network is a key input into many of the outcomes sought under the Community Outcomes for Christchurch developed as part of the Christchurch City Council's (**CCC**) Long Term Plan 2015-25. All CCC activity is focused on achieving these defined community outcomes of a Liveable City, Strong Communities, Healthy Environment, Prosperous Economy and Good Governance.

The delivery of world-class fibre infrastructure across greater Christchurch by Enable will have a



dramatic impact on CCC's – as well as the community's – ability to deliver on these outcomes.

### **PROSPEROUS ECONOMY**

Access to high-quality broadband connectivity is recognised as essential if Christchurch is to reach its economic growth goals.

Enable's UFB network is providing world-class connectivity to businesses in all major commercial parts of the city – providing the opportunity to grow, increase efficiency and reach new customers. Ubiquitous world-class connectivity – such as that being provided by Enable – is also an essential ingredient in attracting new businesses to establish in the city.

### **LIVEABLE CITY**

Connectivity also underpins almost all aspects of the city's focus on being a very liveable city. Almost all schools and hospitals are connected to Enable's UFB network – and over 100,000 homes have access to it in greater Christchurch. This connectivity is the backbone of a range of services that form a vital part of our central city and urban environments – including mobile and Wifi connectivity, crime cameras and traffic management systems.

The urban designs of tomorrow will rely even more heavily on Enable's UFB network as residents and visitors alike demand and consume even more connected services as they live, work and play in Christchurch.

### **STRONG COMMUNITIES**

As referred to above, Enable's UFB network is essential in delivering a range of services that make our community safe – such as crime cameras.

High quality connectivity also supports individuals, friends, families, community organisations and community service providers to connect with each other across our community. It makes it easier for vulnerable people within our community to access support at or close to their home and allows people and the community to connect with each other in a variety of ways.

### **HEALTHY ENVIRONMENT**

Access to Enable's UFB network provides the opportunity for businesses and organisations to employ technology solutions that reduce their environmental impact – such as video conferencing and remote working.

It also provides the underpinning connectivity required to monitor and manage our environment – from water management to pollution monitoring.

## **GOOD GOVERNANCE**

Enable is building and operating critical infrastructure, ultimately owned by CCC through its CCHL's shareholding. Enable is managed within a strong governance framework that is ensuring the network is built and managed in accordance with industry best practice, to ensure the maximum longevity of the network and to deliver maximum financial returns.

### ***b) Support of redevelopment of the central city***

In the central city, Enable has assisted with the Re-start project in Cashel Mall, and other areas, by providing sponsored fibre to enable the free ultra-fast wireless connection in the area.

Enable has added new capacity to its central city network and ensured it has the capability to serve businesses and new buildings as they establish in the city. Enable is employing a flexible deployment model within the central city to complete its UFB network in alignment with government agencies and other infrastructure providers to maximise opportunities and minimise disruption.

### ***c) Involvement in infrastructure repair***

Enable is a member of the Infrastructure Group which allows it to plan infrastructure installation in tandem with other infrastructure assets where this makes commercial sense. It also contributes to discussion and planning on the infrastructural rebuild. We treat working in synergy with other infrastructure companies involved in rebuild works as a priority in order to minimise the amount of disruption to street surfaces and the public.

### ***d) Work coordination***

Enable puts extensive effort into coordinating works with other infrastructure companies (including the Council) to minimise disruption to the Christchurch community as the network is established and to ensure all possible works efficiencies are gained.

We ensure our work programme is available to CCC and all other infrastructure companies through CCC's Forward Works Viewer tool, it works closely with a range of infrastructure companies to share worksites and trenching to increase efficiency, and it maintains constant proactive engagement and dialogue with the CCC's asset management teams to ensure an optimal coordinated approach.

### ***e) Canterbury Digital Strategy***

Enable played a significant role in the creation of the Canterbury Digital Strategy that has now been adopted and launched by the Canterbury Mayoral Forum under the Canterbury Regional Economic Development Strategy.

The implementation of the strategy is being led by Timaru District Council Mayor Damon Odey and Enable is advising the Mayor as a member of the Digital Strategy Advisory Group.

Three streams of work have been identified under the strategy focused on advocating for greater investment in connectivity infrastructure across Canterbury, local authorities leading by example in the provision of services to the community over digital platforms and inspiring the uptake and use of digital technologies.

*f) Christchurch Transport Strategic Plan*

Enable does not provide physical transport infrastructure, however the provision of a UFB network can work in tandem with the Christchurch Transport Strategic Plan 2012-2042 (**Transport Plan**) to enhance transport outcomes for the community. The UFB services assist with achieving the four goals of the Transport Plan:

- Improve access and choice: The provision of UFB makes it a viable option for people to choose to access most goods and services via the Internet, reducing load on the transport network.
- Create safe, healthy and liveable communities: Provision of the UFB network complements the integration of land use by encouraging the recovery of the central city, suburban centres and the establishment of new growth areas. UFB services such as the provision of free ultra-fast wireless in Cashel Mall assist the re-establishment of commerce in the city centre.
- Support economic vitality: The plan focuses on enhancing access between the port, airport and freight hubs. Enable has provided UFB services to these areas to enhance the efficiency of companies operating out of these locations.
- Create opportunities for environmental enhancements: The UFB network is being utilised to manage traffic light systems in an efficient manner. Enable is committed to building environmentally friendly infrastructure and is using the rebuild of City infrastructure and roads to reduce the build impact. The UFB network can assist in reducing traffic volumes by enabling working from home and purchasing goods and services via the internet.

*Sustainable Business Practices*

As referenced above, our UFB network itself makes a significant contribution to the environment by empowering local businesses and organisations to employ technology solutions to reduce their environmental footprint.

In addition, the network is a highly sustainable ducting network expected to have a life-span of at least 50 years. The network is a passive optical network which makes it incredibly efficient to run per connection.

Through the network deployment phase, we design the network to deploy to the maximum number of homes and businesses using the least amount of network duct and other infrastructure. Throughout the network build to date, we have primarily used drilling and shallow-trenching methodologies to reduce the environmental impact of the deployment, compared with traditional civil construction. Innovation to reduce the environmental impact of our network deployment continues as we focus our deployment on challenging areas such as the hill suburbs. We are introducing new low-impact, narrow-trenching technology in these areas.

In addition, we are committed to sustainability across all our business operations. This includes environmentally practices – such as waste minimisation, active recycling and reduced energy consumption – as well as business practices that support broader societal and community benefits.

### *Connection with our community*

As a business that requires the people of Christchurch to choose to consume our services, as well as being owned by them, we need to build a deep and meaningful relationship with our community. We will build trust with the people of Christchurch and ensure they know who we are and what we stand for – which is them.

First and foremost we will deliver excellent customer experiences for our community – in all our interactions with them. Beyond this we will engage with our community through initiatives that align with our long-term business objectives while delivering tangible societal benefits.

### *Investment*

The bulk of Enable's current investment is driven by our obligations under the UFB contract, and the volume of customers connecting to the network. An investment policy will be implemented during 2018.

## GOVERNANCE

---

### *Commitment*

Directors and management are committed to effective governance. Governance requires competent people with a commitment to good governance and an effective set of systems and processes. This provides shareholders and other stakeholders with the assurance that Enable is appropriately governed.

Good governance involves continual changes to meet the changing dynamics of the business. This is particularly the case with Enable as we grow and change throughout the UFB contract lifecycle. We have experienced rapid growth and new systems, processes and positions have been established over the last three years in order to meet the future needs of the business.

Enable is now in a stabilisation phase to ensure that the benefits of these changes are maximised and that the company is operating as effectively as possible.

The Board of Directors and management are very conscious of the need to have high-calibre people backed by excellent systems and processes in order to create a world class UFB organisation, including governance of the highest order.

### *Role of the Board*

The Board is ultimately responsible for setting the strategic direction of Enable and oversight of the management of the company, with the ultimate aim being an increase in shareholder value and the development of communications infrastructure for the economic and social benefit of the people of greater Christchurch. The Board is accountable to its shareholder for the performance of the Enable.

### *Responsibilities of the Board*

In carrying out its principal function, the Board's specific responsibilities include:

1. providing strategic direction for, and approving the company's business strategies and objectives;
2. establishing the values of the company and monitoring the operation of the company on the basis of these values;
3. reviewing and approving the company's budgets and business plans and monitoring the management of the company's capital, including the progress of any major capital expenditure, acquisitions or divestments;
4. providing leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed;
5. Providing health, safety and wellness leadership by understanding, directing and monitoring the company's

health, safety and wellness framework, management system and performance ensuring prudent and effective controls are in place;

6. identifying the principal risks faced by the company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
7. monitoring the operational and financial position and performance of the company;
8. requiring that financial and other reporting mechanisms are put in place by the executive
9. which result in adequate, accurate and timely information being provided to the Board and the company's shareholder to ensure it is fully informed of all material developments relating to the company;
10. appointing and removing members of the executive team, planning for executive succession and monitoring the performance of the executives having regard to the company's strategic direction and goals;
11. reviewing and approving the company's remuneration policies;
12. establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
13. adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
14. approving and regularly reviewing the company's internal decision making and compliance policies and procedures, including any codes of conduct, the Board Charter and the charters of the Board's committees; and
15. ensuring that the company's internal decision making and compliance policies and procedures are adhered to, to ensure that the business of the company is conducted in an open and ethical manner.

### *Delegation of responsibilities to management*

The Board has delegated management of and the responsibility for the day-to-day affairs of the company to the executive team to deliver the strategic direction and goals determined by the Board. The Board has also reserved a number of powers and responsibilities to the Board.

### *Delegation of responsibilities to committees*

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities. For each committee the Board adopts a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

A Health and Safety Committee, an Audit and Risk Committee and a People and Performance Committee have been established and are operational.

The Board is responsible for the oversight of its committees. This oversight includes, in relation to each committee, determining and reviewing its composition and structure and regularly reviewing its performance against its charter.

---

## RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS

---

The forecasted ratio of shareholders' funds to total assets and capital structure for the next three years is as set out below.

Enable - YE 30 June \$m	2018	2019	2020
Debt	256	270	270
Total Liabilities	289	303	306
Total Assets	476	495	513
Total Equity	187	192	207
Shareholder's Funds to Total Assets Ratio	39%	39%	39%

Note: Debt is driven by the growth profile of Enable.

Assumptions: the above ratios are based on projections that assume the rollout of the UFB network will be completed by 30 December 2018.

---

## ACCOUNTING POLICIES

---

Enable has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent Annual Report as published on our company website, refer [www.enable.net.nz](http://www.enable.net.nz).

---

## PERFORMANCE TARGETS

---

By its nature, investment in infrastructure, particularly the UFB network, requires substantial upfront investment with a long-term focus on returns. The UFB network will hold a strong market position with consistent dependable cash flows being received over many years.

Return profiles on the investment in the UFB network have been set at 30 year levels and through the initial eight year build period Enable will not be profitable. Enable is EBITDA positive, and expects to be NPAT positive in FY2019. Thereafter, profitability increases substantially, driven by the number of customer connections.

The performance of Enable in building the network, the performance of Enable in obtaining and growing customers and the establishment of an efficient operating structure (including a low cost network operating

environment), are fundamental to future performance.

**a) Financial performance targets**

The financial performance targets for Enable show the significant growth path the company is expected to realise through sales to its retail service providers.

Enable - YE 30 June \$m	2018	2019	2020
External Operating Revenue	34.6	47.9	61.8
EBITDA	20.6	33.7	46.3
NPAT	(7.4)	2.4	11.5

As customer uptake on the network occurs over the next ten years, the profitability of Enable and its return to its investors increases.

Profitability ratios are not included as Enable’s assessment of return is based on a longer term profile than the three year period within this Sol.

**b) Operational performance targets**

Enable - YE 30 June	2018	2019	2020
Number of connections (cumulative)	72,222	100,021	128,022
Operational SLA achievement <sup>(1)</sup>	>90%	>95%	>95%
Core Network Availability <sup>(2)</sup>	>99.999%	>99.999%	>99.999%

- Operational SLA achievement pertains to the delivery of operational services within contracted SLAs which are set at 75%. Operational services include the connection of customers relative to their expectations and the performance of the network.
- Core network availability pertains to the core network aggregation switches only.

**c) Health and Safety performance targets**

Enable – YE 30 June	2018	2019	2020
TRIFR (per million hours) <sup>(1)</sup>	<3	<2.5 <3	<2
Serious harm injuries incurred	Nil	Nil	Nil
Site audits, safety behavior observations and near misses conducted	>5000	>1000	>1000

- TRIFR industry bench mark is 14.5, Business Leaders Health and Safety Forum – Benchmark Report 2014 - Construction.



d) *Corporate social responsibility performance targets*

Performance Target	Performance Measure 30 June 2018
<p>Promote the uptake of UFB services in the greater Christchurch area to drive business and economic growth and gain lifestyle improvement for residents</p> <p>Achieve environmentally friendly design standards</p>	<ul style="list-style-type: none"> <li>• 39% uptake</li> <li>• Ducting and optical fibre to be underground for 90% or more of the city</li> </ul>

## DISTRIBUTIONS

---

Enable will pay dividends to its shareholder after taking into account its profitability and future investment requirements. The dividends payable to the shareholders will be determined by the Board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

No dividends are forecast to be payable in the three year planning period which is consistent with expectations when entering the UFB contract.

---

## INFORMATION TO BE PROVIDED TO SHAREHOLDERS

---

An Annual Report will be submitted to the shareholders. The Annual Report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period.

A quarterly report will be provided to the shareholder covering all aspects of business performance including health and safety practices.

A half-yearly report will be provided to the shareholder. These reports will contain unaudited information and will comply with NZ IAS 34.

The Statement of Intent will be submitted to the shareholder for consultation annually, as required by the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the shareholder.

The company will operate on a "no surprises" basis in respect of significant shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The company will provide information requested by the shareholder in accordance with the requirements of the Local Government Act 2002.

## ACQUISITION /DIVESTMENT PROCEDURES

---

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term commercial objectives of Enable.

When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with and, where required, approval of, the shareholder.

Major transactions as defined in the Companies Act 1993, s129(2), will be subject to shareholders' approval by special resolution.

---

## COMPENSATION SOUGHT FROM LOCAL AUTHORITIES

---

At the request of the shareholder, the company may undertake activities that are not consistent with normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of providing such activities. Currently, no such activities are undertaken.

---

## ESTIMATE OF COMMERCIAL VALUE

---

At this preliminary stage of the company's investment in UFB life cycle, the estimated value is considered by the directors to be at least the equity contributed by the Shareholder as recorded in the financial statements.

---

## ROLE IN THE CHRISTCHURCH CITY COUNCIL GROUP AND REGIONAL ECONOMY

---

a) *Commercial relationships within the wider Christchurch City Council group*

Enable recognises that, as a wholly-owned subsidiary of CCHL, there may be commercial opportunities with other group companies that can be developed to benefit Enable, the wider CCCC group and the greater Christchurch region.

Enable will ensure such opportunities are explored and developed as appropriate.

i. **Procurement**

In view of the large network build programme under way, Enable has created a specialised procurement team to maximise the efficiency of purchases.

The company negotiated substantial UFB supply agreements for inventory required over the UFB network build in conjunction with other Local Fibre Companies (LFC) and CFH, and achieved significant savings through this process.

Enable has reviewed the use of whole of Government supply contracts and GSB procured discounts and utilises these where the costs associated with them make it viable. The company is also committed to engaging with other CCHL group companies and the CCC to achieve additional procurement savings.

ii. **Network Build**

Through the Network Delivery Alliance between Broadspectrum and Enable, City Care services are used for the re-asphalting of surfaces after network construction.

iii. **Others**

The company also continues to discuss opportunities for cost efficiency or additional revenues with other group companies, such as Christchurch International Airport Limited and Orion.