

# CONNECTING OUR COMMUNITY



**enable**  
Fibre Broadband

**ENABLE SERVICES LIMITED**

**DRAFT STATEMENT OF INTENT**

**FOR YEAR ENDING 30 JUNE 2019**

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## DIRECTORY

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Address	PO Box 9228, Christchurch
Registered office	Enable House, 2 <sup>nd</sup> Floor, 106 Wrights Road, Addington, Christchurch
Board	Brett Gamble (Chair) Craig Elliott Kathy Meads Mark Bowman William Luff
Chief Executive	Steve Fuller
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## INTRODUCTION

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This 2019 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 owns 100% of Enable Networks Limited (**ENL**) (collectively, **Enable**). Both ESL and ENL are 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.

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## OBJECTIVES

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Enable's vision is:

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

Our vision has been significantly strengthened by setting both a clear purpose for Enable and a customer value proposition.

This purpose is the reason why we do what we do, the very thing that drives us to be successful for our community.

Our purpose is:

***Connecting Our Community With Unlimited Opportunity.***

Our customer value proposition is:

***Never Stop Getting More Out Of Life.***

Continued access to world class broadband connectivity services is now a necessity, an expectation, and considered a fundamental requirement for both consumers and businesses, as they keep pace with the global advancement. World-class communications networks, such as our fibre broadband network, connect and enable homes, businesses, cities and crucial services such as education and healthcare to keep pace with global change. To realise our purpose, we must be successful in meeting or exceeding our commitments to the greater Christchurch community which include:

- Establishing an Ultra-Fast Broadband (UFB) network for greater Christchurch in a way that will create world leading UFB capability for every home and business within Enable's coverage area;
- Operating and managing all aspects of the UFB network to a high level ensuring the delivery of very positive customer experience and 'always-on' fibre broadband;
- Driving customer connections to UFB services through effective go-to-market strategies based around market-led product development, outstanding retail service provider relationships and innovative customer marketing activity;
- Maximising the UFB network asset performance to secure commercial returns on investment that meet or exceed the cost of capital, taking into account the long-term nature of this infrastructure investment;

and

- Advocating the enormous potential of the UFB network to support businesses, consumers, community groups and retail service providers within our community to truly embrace and realise the unlimited opportunities.

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## NATURE AND SCOPE OF ACTIVITIES

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### *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 greater Christchurch is a key priority, which a world class fibre 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 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 Crown Infrastructure Partners (CIP) (previously Crown Fibre Holdings) to deliver a 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**).

Under the UFB contract, our obligation is to build the network to reach all premises by 31 December 2019. This network build programme was completed prior to 30 June 2018 – more than 18 months ahead of schedule.

We subsequently agreed to extend our network to pass an additional 482 premises (under the Government's UFB2 extension programme) and an additional 581 premises (under the Government's UFB2+ extension programme). These two additional programmes benefit residents and businesses in Prestons, Hornby Kainga, Kennedys Bush, Tai Tapu, Ohoka, Clearwater, Tauhiwi, and more parts of Prebbleton. This work was also completed by 30 June 2018.

### *Enable's core services and operations*

Enable provides fibre broadband wholesale services to retail service providers on the UFB network, who then on 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 greater Christchurch community with 'UFB 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.

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## CONTRIBUTION TO GROWTH STRATEGIES FOR GREATER CHRISTCHURCH

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Enable directly contributes to the Christchurch City Council's Strategic Framework and particularly the Council's vision of "Christchurch is a city of opportunity for all". We also recognise that other stakeholders have strategies to support the growth of our community.

Enable works alongside many organisations to maximise the significant social and environmental benefits that can be gained for Christchurch through the successful implementation of the UFB network.

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 and anywhere.

Enable conducts its business by 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.
- Ensuring UFB 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 greater 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 securing and growing shareholder value.

### *Christchurch City Council –Strategic Framework*

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 is fundamental to the future growth of the economic and social wellbeing of the people of Christchurch.

Enable’s investment in the UFB network is a key input into many of the outcomes sought under the Community Outcomes – Livable City, Strong Communities, Healthy Environment and Prosperous Economy – and the six Strategic Priorities described in the Council’s Strategic Framework (the **Framework**).

The delivery of world-class fibre infrastructure across greater Christchurch by Enable will have a dramatic impact on the Council’s – as well as the community’s – ability to deliver on these outcomes.

### **PROSPEROUS ECONOMY**

Access to modern and resilient infrastructure – of which our fibre network is one such infrastructure – is recognised as essential if Christchurch is to reach its economic growth goals.

Enable’s UFB network is providing world-class connectivity to thousands of businesses right across 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 livable city.

Almost all schools and hospitals are connected to Enable’s UFB network – and over 180,000 homes and businesses 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.

In addition, Enable is committed to actively contributing – through our core business activity and also through strategic partnerships and new initiatives – to the medium-term Strategic Priorities set out in the proposed Strategic Framework. Some of Enable's community contribution activity set out below highlights how we are already making a difference in “maximising opportunities to develop a vibrant, prosperous and sustainable 21<sup>st</sup> century city.”

## **STRATEGIC PRIORITIES**

Enable actively invests in and supports the Council's Strategic Priorities set out in the Framework to help drive the short and medium-term improvements targeted.

Access to world-class fibre connectivity right across our city and to nearby towns, aligns Christchurch with some of the most technologically advanced global cities and means Christchurch is well positioned to **maximise opportunities to develop a vibrant, prosperous and sustainable 21<sup>st</sup> century city.**

At a specific initiative level, we are a major sponsor of the Canterbury Employers Chamber of Commerce with a focus on supporting local businesses to maximise the potential of technology to grow and is the sponsor of the Christchurch chapter of Future Leaders in Technology.

Enable is **enabling active citizenship and connected communities** by making sure all local schools have access to a Gigabit fibre broadband service from 1 July 2018 to connect students and educators with each other, the community and the world. We are also working closely with the Council to support its central city free Wi-Fi initiatives and is participating in the Government-led discussions to provide equitable digital access to all school

students.

Enable is also working to build close partnerships with the Council and stakeholders to advance the potential of Smart World and Internet of Things within our city – of which one of the key potential applications is in ***increasing active, public and shared transport opportunities and use.***

Enable is acutely aware of the critical nature of its infrastructure in the event of natural disaster. We support the Council's priority of ***Informed and proactive approaches to natural hazard risks*** by ensuring our network has appropriate diversity and robust network assets (such as our Importance Level 4 Central Offices) that will continue to operate in a disaster. We also regularly test our organisational preparedness to respond to any event.

Set out below, under Sustainable Business Practices, is Enable's approach to reducing our environment impact and operating in a sustainable manner. The initiatives outlined in this section align with and support the Council's environmentally focused priorities of ***Climate change leadership*** and ***Safe and sustainable water supply and improved waterways.***

### ***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.

Enable has partnered with the Christchurch Employers' Chamber of Commerce (the Chamber) in a series of digital inspiration events aimed at local businesses under its Digital Strategy.



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## SUSTAINABLE BUSINESS PRACTICES

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### *Our Network Underpins Sustainability in our Community*

Our fibre broadband network and services makes a significant contribution to sustainability across our community by empowering others.

- Local businesses and organisations can employ technology solutions to reduce their environmental footprint.
- Improved connectivity to towns such as Rolleston and Rangiora allow people to run their business within these communities - reducing commuting, creating close communities and generating employment opportunities in these towns.
- Better connectivity in homes and in businesses creates greater work flexibility and promotes remote working – which provides increased work options for a range of people within our community.
- Fibre broadband provides community service providers with the opportunity to deliver their services to more people within our community via online options and initiatives.

### *Sustainable Business Practice in our Operation*

Our network build programme has been a significant proportion of our investment and operation up until its completion in May 2018, and has, therefore, accounted for much of our effort to reduce our environmental impact and operate in a sustainable way. Many of the decisions made in the network architecture, technology choices and through the build will deliver a sustainability benefit for our business and our community well into the future.

- We have deployed our network employing highly sustainable ducting with an expected life-span of at least 50 years.
- The network is a passive optical network which makes it incredibly efficient to run per connection.
- We designed the network to deploy to the maximum number of homes and businesses using the least amount of network duct and other infrastructure.
- We primarily used drilling and shallow-trenching methodologies to reduce the environmental impact of the deployment, compared with traditional civil construction and overhead methodologies.
- We introduced new low-impact, narrow-trenching technology in areas such as the hill suburbs to further reduce the impact of our works.

We are equally committed to sustainable business practices in all other aspects of our operation. We have developed and introduced low environmental impact methodologies for connecting homes and businesses such

as fence-line and slot trenching. These methodologies have significantly reduced the need to produce and lay new hard surface materials such as asphalt during the installation of fibre broadband. We will continue to further develop the use of these lower environmental impact methodologies throughout 2019.

In our corporate office we will remain focused on waste minimisation, active recycling and reduced energy consumption – as well as business practices that support broader societal and community benefits.

In addition, we plan to conduct a full review of our sustainable business practices in 2019 and develop a targets-based sustainability framework by the end of the year.

### *Diversity and Inclusion in our Workplace and Community*

Enable embraces diversity – including gender, gender identity, age, ethnicity, disability, beliefs, sexual orientation, family responsibilities, work style and experience, socio-economic background, thinking style and personality type – across our business and supports our customers, partners, suppliers and other stakeholders to do the same.

We actively work to provide a work environment where everyone feels they can fully participate at work and where each person is valued for their unique perspectives, skills and experiences. Our diversity objectives are to:

- ensure that our policies and processes are bias free;
- treat people fairly;
- have an organisational culture where discrimination is unacceptable;
- hire and promote the best person for the job, regardless of their background; and
- nurture and develop the diverse experience and attributes of our people.

Our sustainable business framework to be developed in 2019 will include reporting and targets relating to diversity.

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## CONNECTION WITH AND INVESTMENT IN OUR COMMUNITY

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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 aim to deliver excellent customer experiences for our community – in all our interactions with them.

Beyond our short-term to medium-term business objectives, we are committed to investing in the growth of our community – to create an environment of growth and innovation that maximises the potential of connectivity. We maintain several strategic partnerships and smaller sponsorships aimed at supporting this environment of growth and innovation. These include sponsoring the Chamber’s Digital Series aimed at helping local businesses embrace technology to grow and sponsoring the Christchurch chapter of Future Leaders in Technology. In 2019, we will nurture these partnerships and consider other community and social investment opportunities.

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## HEALTH, SAFETY AND WELLNESS

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Enable ensures it meets all its obligations under the Health and Safety at Work Act 2015. Enable’s commitment to Health, Safety and Wellness (**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.

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## CONTINUOUS IMPROVEMENT AND FUTURE OF OUR BUSINESS

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### *Future Mode of Operation*

Having completed our large-scale network build, we are undergoing a significant business transformation as we 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.

### *Attracting and Retaining the Best People*

Retention and attraction of talented people is vital to Enable's success today and into the future 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 HSW management system that ensures the HSW of our people, contractors and partners.
- 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.

### *Future Technologies*

Enable maintains an awareness of future fibre (and adjacent) technology trends and developments to ensure the network services produce maximum long-term future value.

We continue to invest in understanding future commercial opportunities and potential to deliver community benefits through the identification, development and application of innovative new technologies and services. The realisation of smart world opportunities within Christchurch is one such opportunity.

### *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 2019.

## GOVERNANCE

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### *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 the shareholder 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.

Directors and management are very conscious of the need to have high-calibre people backed by excellent systems and processes 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 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 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 based on 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 which result in adequate, accurate and timely information being provided to the Board and the company's shareholder to ensure they are fully informed of all material developments relating to the company;
9. reviewing and approving the company's remuneration policies;
10. establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
11. adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
12. 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
13. 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 Sub-Committee, an Audit and Risk Committee, a Future Technology and Product Sub-Committee, and a People and Performance Sub-Committee. All committees 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.

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## RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS

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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	2019	2020	2021
Total Assets	522.3	541.8	551.8
Debt	298.0	299.4	444.9
Equity	192.7	205.4	67.5
Shareholder's Funds to Total Assets Ratio	37%	38%	12%

Note 1: Debt is driven by the growth profile of Enable.

Note 2: 2021 Debt assumes \$157.8m redeemable preference shares are refinanced with external Debt. Enable will undertake a review of its capital structure and a significant refinance of its balance sheet in FY2021.

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## ACCOUNTING POLICIES

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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).

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## PERFORMANCE TARGETS

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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.

Enable is currently EBITDA and EBIT positive and expects to be NPAT positive in FY2020. Thereafter, profitability increases substantially, driven by the number of customer connections.

The performance of Enable in obtaining and growing customer connections 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	2019	2020	2021
External Operating Revenue	58.6	74.0	87.8
EBITDA	36.2	53.3	66.1
NPAT	(0.8)	10.5	19.9

As customer connection growth occurs over the next ten years, the profitability of Enable and its return to Shareholders 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	2019	2020	2021
Number of connections (cumulative)	104,000	130,000	150,000
Operational SLA achievement <sup>(1)</sup>	>95%	>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	2019	2020	2021
TRIFR (per million hours) <sup>(1)</sup>	<2.5	<2	<2
Serious harm injuries incurred	Nil	Nil	Nil
Site audits, safety behavior observations and near misses conducted	>1000	>1000	>1000

- TRIFR industry bench mark is 10.25, Business Leaders Health and Safety Forum – Benchmark Report 2016 - Construction.



d) *Corporate social responsibility performance targets*

Performance Target	Performance Measure 30 June 2019
Achieve environmentally friendly design standards	<ul style="list-style-type: none"> <li>• Ducting and optical fibre to be underground for 90% or more of the city</li> </ul>
Sustainability Framework	<ul style="list-style-type: none"> <li>• A sustainability framework for Enable published, including performance measures and goals.</li> </ul>

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## DISTRIBUTIONS

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Enable will pay dividends to its shareholder after taking into account its profitability and future investment requirements. The dividends payable to the shareholder 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 and shareholder expectations.

No dividends are forecast to be payable in the three year planning period which is consistent with expectations when entering the UFB contract. Enable will undertake a review of its capital structure and a significant refinancing of its balance sheet in FY2021. This review will include a forecast debt repayment profile and forecast dividend payments.

## INFORMATION TO BE PROVIDED TO SHAREHOLDERS

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An Annual Report will be submitted to the shareholder. 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 Sol 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 and continuous disclosure requirements of the NZX.

## ACQUISITION /DIVESTMENT PROCEDURES

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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.

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## COMPENSATION SOUGHT FROM LOCAL AUTHORITIES

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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.

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## ESTIMATE OF COMMERCIAL VALUE

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At this preliminary stage of the company's investment in the 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.

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

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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**

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. **Others**

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