



2021

STATEMENT OF INTENT

ENABLE SERVICES LIMITED

enable
Fibre Broadband

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DIRECTORY

Address	PO Box 9228, Christchurch
Registered office	Enable House, 2 nd Floor, 106 Wrights Road, Addington, Christchurch
Board	Mark Bowman (Chair) Craig Elliot Kathy Meads Scott Weenink Mark Petrie
Chief Executive	Steve Fuller
Telephone	03 335 1765
Website	enable.net.nz
Email	steve.fuller@enable.net.nz

INTRODUCTION

This 2021 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**). Both ESL and ENL (collectively, **Enable**) 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 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

Our vision is significantly strengthened by our organisational purpose:

Connecting Our Community with Unlimited Opportunity

Access to world-class broadband connectivity is now a necessity, an expectation, and considered a fundamental requirement for societal growth and advancement.

- Fast, reliable broadband services empower businesses within our community to innovate and grow in almost every way.
- Individuals and families depend on broadband services for entertainment, connection with each other and education and other online services.
- Essential service providers – Councils, Government agencies (such as Health and Education) and community support organisations – are reinventing how they deliver services to our community using connectivity.
- Cities themselves are being transformed through Smart City initiatives – in areas such as Data Management, Internet of Things and Artificial Intelligence – to deliver greater community value, a better living experience for residents and a sustainable future.

This essential need for access to world-class internet connectivity has been heightened throughout the COVID-19 crisis as every aspect of our daily lives has required internet access – working, connecting with family and friends, accessing services, learning, shopping and being entertained.

Our vision and purpose define our role as the kaitiaki of the essential enabling broadband infrastructure that empowers our greater Christchurch community. We must be successful in meeting or exceeding our committed objectives.

1. Operate and manage all aspects of our fibre broadband network to a high level ensuring the delivery of a positive customer experience and keeping ahead of customer demand.
2. Drive sensible commercial customer growth (increased fibre broadband connections) through effective strategies based around market-led product development, outstanding internet service provider relationships and customer marketing activity.
3. Maximise our fibre broadband network asset performance to secure commercial returns on investment that meet or exceed the cost of capital, considering the long-term nature of this infrastructure investment.
4. Advocate the enormous potential of fibre broadband to businesses, consumers, and community groups within our community to truly embrace and realise unlimited opportunities.
5. Provide leadership in the establishment of all forms of communications connectivity for the wider benefit of the Greater Christchurch community.
6. Support more of our community to participate fully in and benefit from our digital society.

7. Protect and enhance our community's future through sustainable business practice.

Enable and our broadband infrastructure is likely to have an even greater role to play in the future of our community as we all work on economic and societal recovery, and to embrace new work and life opportunities from what we learned throughout the COVID-19 crisis.

NATURE AND SCOPE OF ACTIVITIES

Our core business is to provide wholesale fibre broadband services to internet service providers (ISPs) delivered over our fibre broadband network infrastructure. These ISPs then on sell our wholesale services as retail fibre broadband, voice, internet, TV, content, gaming and IT services to customers (such as homes, businesses and schools).

We were initially established in 2007 as the commercial need for businesses to access fibre broadband services in Christchurch became clear. Our parent company, CCHL, established Enable in alignment with its intent 'to own and manage key strategic infrastructure investments' that make Christchurch internationally competitive.

In 2011, we entered an arrangement with Crown Infrastructure Partners (CIP) as part of the Ultra-fast Broadband (UFB) Initiative to build a fibre broadband network for greater Christchurch. This network is now complete and reaches 200,000 homes, businesses and schools in Christchurch, Rangiora, Rolleston, Woodend, Kaiapoi, Lincoln, Templeton and Prebbleton, Tuahiwi, Ohoka and Tai Tapu.

A primary focus is connecting more customers to our fibre broadband services in order to grow our business and ensuring all customers receiving an excellent customer experience at all times.

We continually seek to provide the greater Christchurch community with more value and new opportunities to benefit from our fibre broadband capability.

CONTRIBUTION TO GROWTH STRATEGIES FOR GREATER CHRISTCHURCH

We directly contribute to the Christchurch City Council's Strategic Framework (the **Framework**) and particularly the Council's vision of "Christchurch is a city of opportunity for all".

We conduct our business by:

- providing affordable wholesale fibre broadband services;
- ensuring our services support the increasing demand for quality high speed connectivity from our community;
- providing efficient access to fibre broadband services for local businesses and schools;
- ensuring new Greenfield developments (subdivisions) adjoining our coverage

- have access to fibre broadband network;
- ensuring our network infrastructure is deployed in a way that minimises the impact to the environment; and
- maximising the opportunity to ensure the large numbers of new commercial and residential buildings in greater Christchurch are designed and built with provision for our network included.

In addition, we work closely with key stakeholders in Christchurch to ensure our investment in and the availability of fibre broadband services supports wider community growth and wellbeing.

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

Christchurch City Council – Strategic Framework

Our ownership of a fibre broadband network aligns with and supports the rebuild, recovery and long-term growth plans of local and central Government for greater Christchurch. Fibre broadband services are fundamental to the future growth of the economic and social wellbeing of the people of Christchurch.

Our investment in fibre broadband is a key input into many of the outcomes sought under the Community Outcomes – Prosperous Economy, Liveable City, Strong Communities and Healthy Environment – and the six Strategic Priorities described in the Framework.

Our fibre broadband services being available across greater Christchurch 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 broadband network is one such infrastructure – is recognised as essential if Christchurch is to reach its economic growth goals.

Our fibre broadband network is providing world-class services to thousands of businesses right across the city – catering for their ever-increasing demand for data, and providing the opportunity to grow, increase efficiency and reach new customers. Ubiquitous access to fibre broadband services is also an essential ingredient in attracting new businesses to establish in the city.

Liveable City

Access to fibre broadband services also underpins almost all aspects of the city's focus on being a very liveable city.

All schools and hospitals within our coverage are now connected and 60 percent of the total fixed broadband services are now over our network. Fibre broadband is essential for 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 access to fibre broadband services as residents and visitors demand and consume even more connected services as they live, work, and play in Christchurch.

Strong Communities

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

Fibre broadband 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

Fibre broadband 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, we are committed to actively contributing – through our core business activity and strategic partnerships and new initiatives – to the medium-term Strategic Priorities set out in the proposed Strategic Framework. Some of our community contribution activity set out below highlights how we are already making a difference in “maximising opportunities to develop a vibrant, prosperous and sustainable 21st 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 broadband 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 21st 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 the next generation of business leaders to develop, and we sponsor the Christchurch chapter of Future Leaders in Technology.

We are ***enabling active citizenship and connected communities*** by making sure all local schools have access to a Gigabit fibre broadband service to connect students and educators with each other, the community, and the world. We also provide the Council with a WiFi network in the central city which provides free Wi-Fi access and we are participating in the Government-led discussions to provide equitable digital access to all school students.

We are also working to build close partnerships including the Council 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.***

We are acutely aware of the critical nature of our infrastructure in the event of a 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 our approach to reducing our environmental 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**.

GROWING A STRONG BUSINESS

We are focussed on continuing to grow our core business to maximise shareholder value while ensuring the maximum number of people within our community are benefitting from our fibre broadband services. We are growing our business to ensure we have the operational and financial foundations to deliver even greater value to our community in future.

Customer Connection and Network Operation Performance

We are now beyond the period of peak uptake of our fibre broadband services and more than two-thirds of all fixed broadband connections within our coverage area are delivered over our network.

We recognise the need to continue to ensure the remainder of our addressable market understand what fibre broadband can mean for them and work closely with our ISP partners to connect these customers. We will continue to innovate in how we reach, connect with and market to our community.

We are also focussed on delivering a consistently excellent experience for the more than 115,000 customers already connected to our network. This includes delivering outstanding network reliability and performance and continuing to innovate to ensure our fibre broadband services are always exceeding the needs of our customers.

Enable - YE 30 June	2021	2022	2023
Number of connections (cumulative)	127,623	140,276	148,532
Connection SLA achievement ⁽¹⁾	>95%	>95%	>95%
Total network availability ⁽²⁾	>99.97%	>99.97%	>99.97%

1. Connection SLA achievement pertains to the delivery of operational services within contracted SLAs which are set at 75%.
2. Total network availability pertains to all components of our fibre broadband network and is set at the contracted performance of a maximum average customer down time of 120 minutes per year (excludes customer caused down time).

Financial Performance

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

The financial performance targets for Enable show the significant growth path the company is expected to realise through sales to its ISPs. As customer connection growth occurs over the next three to five years, the profitability of Enable and its return to Shareholders increases.

Financial Targets (\$m)	2021	2022	2023
Gross Telecommunications Revenue	76.4	86.4	93.8
NPAT	12.2	18.5	21.6
Total Assets	579.0	588.5	577.6
Debt	294.4	294.4	294.4
Equity	242.9	244.4	232.0
Shareholder's Funds to Total Assets Ratio	42.0%	41.5%	40.2%

Dividend to our Shareholder

The dividends payable to the shareholder will be determined by the Board after consideration of future funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993 and shareholder expectations.

No debt will be repaid during the SOI period, dividends payments will be maximised.

Shareholder Return Target (\$m)	2021	2022	2023
Dividends	13.5	17.0	34.0

A SUSTAINABLE FUTURE FOR OUR COMMUNITY

Enable is committed to operating all aspects of its business with a focus on protecting and enhancing our community today and in the future through sustainable business practices.

With this in mind, we have developed a sustainability strategy which sets our long-term themes and commitments relating to two key areas of focus – Our Place, and Our People.

OUR PLACE – operate our business in an environmentally responsible way towards achieving net zero emissions and zero waste

We will:

- continually strive towards achieving and maintaining net zero emissions in

- ways that make financial sense;
- apply 'circular economy' principles to reduce waste; and
- embed sustainability considerations (including ethical considerations) in a culture of excellence across the entire business.

Our initial focus is on improvements in our direct operations, before expanding our sustainability goals to our partners and suppliers.

This strategy builds on our current approach to environmental sustainability that includes:

- deploying a long-life (at least 30 year) passive optical network utilising materials and methods that would have minimal impact on the environment; and
- introducing low environmental impact methodologies for connecting homes and businesses.

OUR PEOPLE – Nurture a healthy, innovative, and ethical culture that values diverse thinking and capability, and fosters inclusion and trust

Retention and attraction of talented people is vital to our success today and into the future – as is embracing diversity across the organisation to address business challenges and meet the needs of our community.

We embrace 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 support our customers, partners, suppliers and other stakeholders to do the same.

We actively work to provide an 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.

We support the growth and development of our people, caring for each other, rewarding our people appropriately, holding them to account for their actions, and nurturing their collective capability to deliver to our community.

We remunerate our people at a competitive market rate, noting that we are especially conscious of our public responsibilities in setting senior executives' salaries Board remuneration, and this is closely monitored by the Board and reported in the Annual Report. We ensure all our people are remunerated at or above the living wage.

We employ a best-practice performance management framework that empowers our people to perform and grow within our business. We ensure our leadership team is effective, united, and supportive.

Sustainability Targets	2021	2022	2023
CO2 Reduction ⁽¹⁾	21%	32%	49%
Corporate Waste Reduction (Average for Paper, Landfill Waste, Food and Stationery) ⁽¹⁾	15%	30%	50%
Develop a framework, then execute, for all future contract and supply arrangements that aligns with Enable's sustainability goals by 30 June 2021			

1. % reduced is measured from June 2019 and for Direct Operations only.

GENERATING GREATER COMMUNITY VALUE

Having completed our large-scale network build and the majority of our physical network connections to homes and businesses, we are undergoing a business transformation focused on operational excellence in all aspects of our core business (maintaining and operating our fibre network infrastructure). We are continuing to leverage our existing partnerships and assets to support community growth and exploring new business and social good opportunities to grow the value of Enable to our community.

We are embracing new and responding to advancing technology innovations and exploring disruptive ways to solve societal challenges, through innovation and partnership.

Growing local business and Christchurch Leaders

We maintain several strategic partnerships and smaller sponsorships aimed at supporting an environment of growth and innovation in Christchurch. These include sponsoring the Canterbury Employers' Chamber of Commerce's Digital Series aimed at helping local businesses embrace technology to grow and Next Gen Series aimed at developing future Christchurch leaders. We also sponsor the Christchurch chapter of Future Leaders in Technology.

Addressing the Digital Divide

We are acutely aware that a significant segment of our community does not have access to or the opportunity to participate in the digital society – creating significant barriers to participation in society in areas such as access to social services, job seeking, education and social interaction.

We are committed to developing partnerships and solutions to significantly reduce the number of people within greater Christchurch that are adversely impacted by the digital divide. The primary area of focus will be on providing greater access to broadband in social housing to support this part of our community to embrace digital learning opportunities.

Our long-term ambition is to eliminate the digital divide from our community entirely.

We are committed to establishing new partnerships and initiatives that will target increasing digital participation for specific segments of our community currently experiencing large-scale digital exclusion.

Greater connectivity for economic and social growth

We see great potential for increased access to connectivity across Christchurch to deliver tangible economic and social value.

We are committed to exploring new opportunities and partnerships to position Christchurch as a true 21st century city by ensuring world-class connectivity is available to residents and visitors alike.

Greater Community Value Targets

Completion of a business case(s) to close the digital divide in Christchurch in relation to social housing by 30 June 2021

HEALTH, SAFETY AND WELLNESS

We ensure we meet all our obligations under the Health and Safety at Work Act 2015. Our commitment to Health, Safety and Wellness (**HSW**) goes well beyond regulatory obligations and compliance with a whole-of-business commitment to looking after our people, partner organisations and their people, customers, and community.

Our HSW Governance Charter is based on a clear vision that 'We Care for Each Other' and includes objectives and actions that will ensure the business continues to maintain excellence in our HSW journey. Bringing our HSW Governance Charter 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.

We are a member of the New Zealand Business Leaders HSW Forum and the Canterbury Rebuild Safety Charter.

Targets	2021	2022	2023
TRI	<=3	<=3	<=3
Serious harm injuries incurred	Nil	Nil	Nil
Site Visits (% of Gross New Connections)	>15%	>15%	>15%

GOVERNANCE

Commitment

Directors and management are committed to best practice 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 shifting dynamics of the business. This is particularly the case with Enable as we grow and change throughout our growth 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.

We are focussed on ensuring that the benefits of these changes are maximised and that we are operating as efficiently and effectively as possible.

Directors and management are very conscious of the need to have high-calibre people, backed by excellent systems and processes, for Enable to be a world-class service-led organisation, including governance of the highest order.

Role of the Board

The Board is ultimately responsible for setting the strategic direction of Enable and overseeing the management of our business, 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, Enable's business strategies and objectives;
2. reviewing and approving Enable's budgets and business/operating plans and monitoring the management of capital, including the progress of any major capital expenditure, acquisitions or divestments;
3. providing leadership of Enable within a framework of prudent and effective controls which enables risk to be assessed and managed;
4. providing health, safety and wellness leadership by understanding, directing and monitoring Enable's health, safety and wellness framework, management system and performance ensuring prudent and effective controls are in place;
5. identifying the principal risks faced by Enable 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;
6. monitoring the operational and financial position and performance of Enable;
7. 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 shareholder to ensure they are fully informed of all material developments relating to Enable;
8. reviewing and approving Enable's remuneration policies;
9. establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;
10. adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
11. approving and regularly reviewing Enable'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
12. ensuring that Enable's internal decision making, and compliance policies and procedures are adhered to, to ensure that the business of Enable is conducted in an open and ethical manner.

Delegation of Responsibilities to Management

The Board has delegated management of the day-to-day affairs of Enable to the Chief Executive to deliver the strategic direction and goals determined by the Board. The Board has also reserved several 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 Terms of Reference that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

Current operational committees include a Health, Safety, Wellness and People Sub-Committee, an Audit and Risk Committee, and a Future Technology and Products Sub-Committee.

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.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS

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.

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.

Enable will provide regular updates to our shareholder on the ongoing performance of the entity which may include financial, strategic, risk and operational updates for any given period.

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.

COLLABORATION WITH THE CCHL GROUP

We recognise, as a wholly owned subsidiary of CCHL, there may be commercial and community benefit opportunities in greater collaboration with other group companies.

We actively participate in all CCHL cross-business forums and initiatives to ensure these opportunities are realised.

We are particularly focused on growing Enable's contribution to CCHL's Emerging Technology & Innovation and Sustainability forums.

COMPENSATION SOUGHT FROM LOCAL AUTHORITIES

At the request of the shareholder, the company may undertake activities that are not consistent with normal commercial objectives.

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.

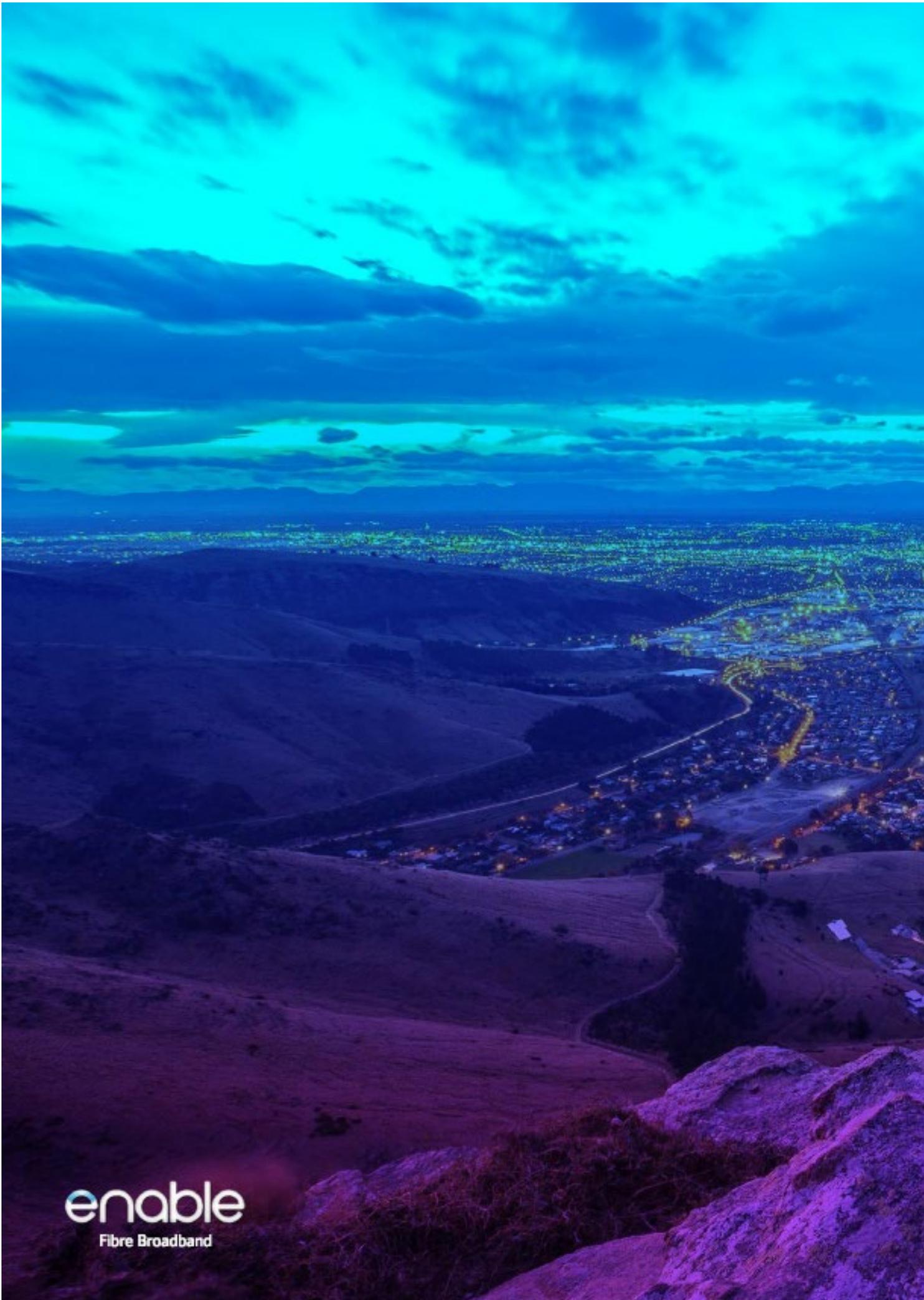
ESTIMATE OF COMMERCIAL VALUE

The estimated fair value of network assets at 30 June 2019 was \$516 million. Further information on this asset valuation is provided in the 2019 Annual Report.

At this stage of Enable's life cycle and recognising it is progressing to its targeted customer base, the commercial value of Enable falls within a wide range of estimates. The commercial value is considered by the directors to be at least the equity contributed by the shareholder as recorded in the financial statements.

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



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