Enable Services Limited
Annual Report 2022

enable
fibre broadband

Contents

15 years of Enable

2007 MAY Christchurch City Networks Limited established

2007 JULY First fibre customers connected

2009 MAY The Enable brand launched

2010 AUG Bid for UFB in Christchurch

2010 LATE 500 customers connected

2011 MAY Won the UFB contract - local fibre company established

2011 NOV Began the UFB build

2012 SEPT Launch of residential fibre

2013 JUNE 30,000 homes and businesses reached

2013 OCT Rolleston and Lincoln - first fully fibred towns in NZ

2015 APRIL 10,000 customers connected

2015 DEC 100,000 homes and businesses reached - including all schools

2016 APRIL Half of Rolleston connected

2016 JUNE Christchurch City takes full ownership

2016 AUG Residential Gigabit fibre broadband launched

2017 MAY 150,000 homes and businesses reached

2017 JUNE 50,000 customers connected to fibre broadband

2018 JUNE Network build completed 19 months ahead of schedule, reaching 200,000 homes, businesses and schools

2018 DEC 90,000 customers connected

2019 JAN Rolleston, Wigram and Harewood reach 70% broadband uptake

2019 JUNE 100,000 customers connected

2019 OCT Announced net profit of $11m, the first since the UFB project began

2020 AUG 120,000 customers connected

2020 SEPT Announced first dividend payment

2021 JUNE $18 million dividend paid

2021 JULY Launched Hyperfibre in the central city

2021 DEC Speed upgrade to 300Mbps for over 90,000 households

2022 MAR 140,000 customers connected

2022 JUNE Launched Christchurch Free Wi-Fi to the central city

Maintaining Christchurch's connection to the world

Enable is very proud of the essential infrastructure it has delivered and manages for the benefit of the wider Christchurch region, providing vital connectivity for our community which supports families to stay connected and businesses to operate.

Our network and customer growth underpins a strong financial performance which furthers Enable's support for community initiatives, advances digital equity and provides a continuing focus on sustainable business practices.

15 years ago, Enable began the journey of providing Christchurch with its own local fibre network to support our community and businesses to connect to the digital world and aid future growth and regional prosperity.

The last year has seen continued growth and showcases just how far we have come since we connected our first fibre customer back in 2007.

As a community-owned company we're proudly situated in the heart of our city, supporting the people of greater Christchurch, and connecting over 143,000 customers which represents a 74% share of the fixed broadband market – a far cry from the early days of 5% uptake.

Along with providing direct connection to so many of our region's homes and businesses, we also now provide world-class internet connectivity within the central city with the launch of Christchurch Free Wi-Fi, a joint initiative with the Christchurch City Council.

Our strength and resilience through adversity of the earthquakes and more recently COVID-19 has seen the reliance on fibre increase and Enable achieve greater financial success, which in turn has seen us return a second dividend to the city of $20m.

Our world-class fibre broadband network serves over 143,000 customers and we continue to expand the network as the region grows and more of our community prefer fibre to support their digital connectivity needs.

Free world-class fibre-based Wi-Fi launched in Christchurch city centre

A key initiative to support our community was launched in June 2022, with world-class free Wi-Fi delivered to the central city in conjunction with Christchurch City Council.

Christchurch Free Wi-Fi provides a high-quality Wi-Fi service to locals and visitors alike, who can now enjoy free connectivity whenever they visit the central city.

We're proud to do our part to support Christchurch to be a smart 21st century city and contribute to the city's economic development and tourism strategies.

Powered by Enable's gigabit fibre broadband network, the Christchurch Free Wi-Fi service extends from the Bridge of Remembrance and along Oxford Terrace to Victoria Square, across to Colombo Street and back down to the Lichfield Street corner. The Wi-Fi coverage includes key pedestrian areas along Oxford Terrace from Riverside Market through to Te Pae, Cathedral Square and down to the Bus Interchange.

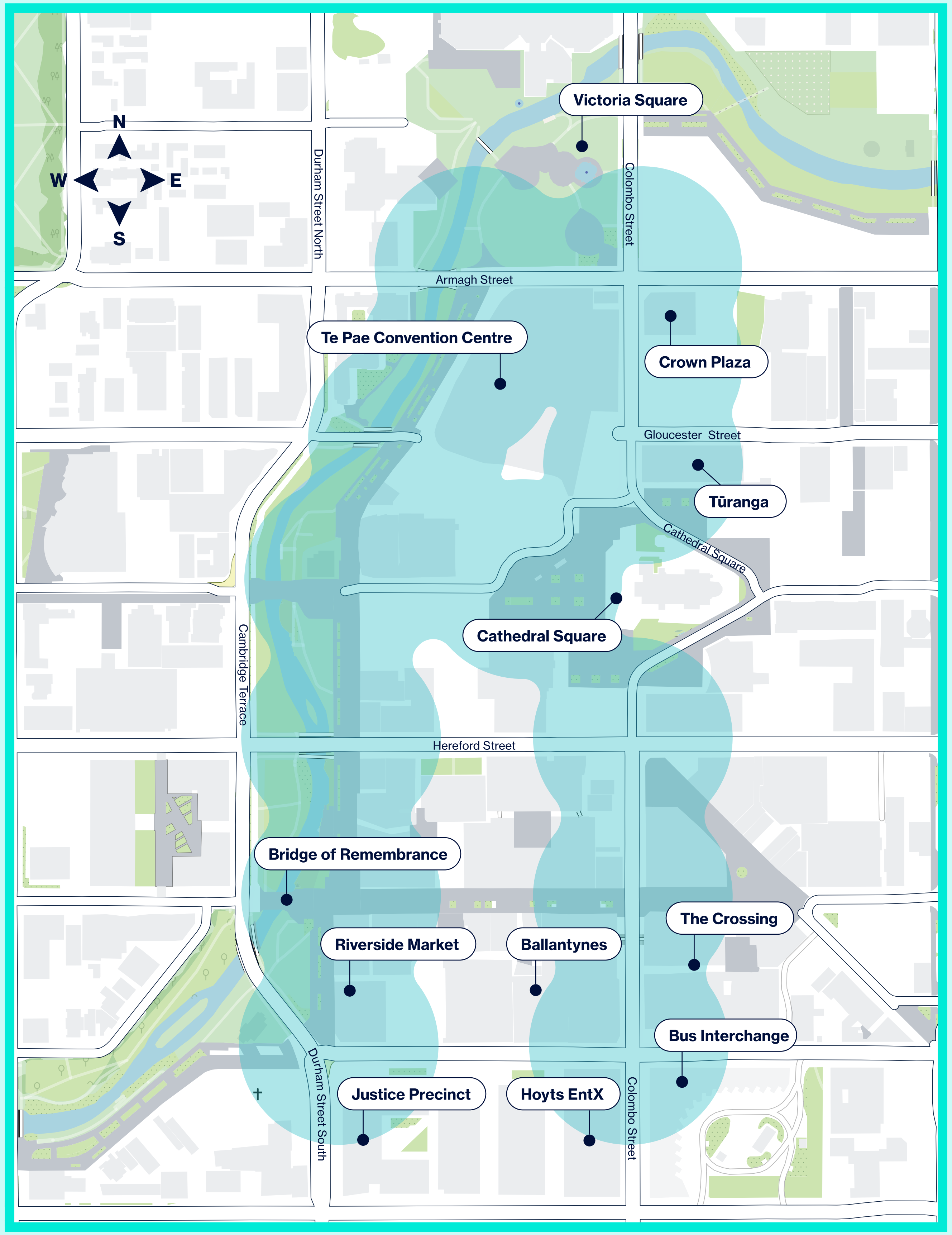
Local students are another group that Enable hopes will benefit from Christchurch Free Wi-Fi being available in our city centre.

With this in mind, and when Enable needed a large group of people to test the network before launch, we approached Christchurch city-based school Ao Tawhiti Unlimited Discovery to help. About 60 students took part in a series of tests while walking the network coverage route.

> "As borders open again to all travellers post-COVID, it's the perfect time to be launching this new free Wi-Fi service. We hope to see the central city bustling with visitors and having them able to access fast, reliable, and free internet will be a huge bonus."
>
> **Dawn Baxendale, Christchurch City Council Chief Executive**

Anita Yarwood, Ao Tawhiti Director, was really pleased to have been involved as Ao Tawhiti is intent of ensuring its students have a deep connection with the community and is something it really values.

As Anita observed, having free Wi-Fi available is just one more thing that makes central Christchurch a fantastic place for our students to be based – she is sure the students and their whānau will take full advantage of this service.



City centre coverage

2022

Our annual review

Chair and CEO introduction

Despite another challenging year managing COVID-related factors, which impacted our people as well as key contractors, we have continued to deliver strong results.

During the year we have strengthened the relationship with our key contractor, Civtec, creating a jointly managed team that is aimed at creating greater efficiencies and an enhanced customer experience.

Along with the transition to the new collaborative model, we increased customer numbers to over 143,000 and continued to expand Enable's network to serve new greenfield subdivisions and increase the overall network footprint. Enable's network now covers over 207,000 homes and businesses across the greater Christchurch region.

We continue to work with our community and the Crown to identify areas for growth, to better serve existing properties, and we are also increasingly working with developers to support their subdivision projects and multi-dwelling unit developments within existing urban areas.

Despite a competitive retail market, particularly from fixed wireless operators, Enable has held its own with customer churn remaining very low and customer growth continuing albeit at a decreased rate, which is expected given Enable's market penetration.

Enable continues to invest in promoting the benefits of fibre through advertising and works with retail service providers to support their market activity to continue customer growth.

As Enable's growth journey continues, the last year has seen ongoing increase in the size of the network, customer numbers and revenue, delivering another successful year of strong net profit performance and a further dividend to the Christchurch community of $20m.

In September 2021 Enable launched its refreshed brand identity, strengthening its commitment to the community that we serve. As well as greater visibility of being 100% owned by the people of Christchurch, Enable has marketed a new brand positioning of "Our city of possibilities" which reflects Enable's unique position of being locally owned as well as working to enhance the potential for the community we serve.

We continue to invest in our people, with increasing development opportunities supporting both their individual growth and Enable's needs, and we also launched our new "Legends of Enable" programme to ensure we recognise and celebrate the great work our people do.

The business also increased the connection speeds for the majority of our customers, with over 90,000 having a speed upgrade to a new 300 Mbps fibre broadband service. We also launched Hyperfibre, which is available within the city's four avenues, and, in partnership with the Christchurch City Council, launched a new world-class free Wi-Fi service in the central city.

We continue to progress our sustainability goals by installing solar panels on three of our Central Offices and have begun to replace our vehicle fleet with battery electric vehicles (BEV's). We have also agreed to science-based targets for our scope 1 and 2 Greenhouse Gas (GHG) emissions and in adding more scope 3 emissions to our GHG inventory, we are developing wider scope 3 measurement and reduction plans as part of our commitment to limiting our impact on our planet.

The Board and Executive thank all the Enable people, customers and stakeholders who have contributed to our success in the last year and continue to strengthen the company for ongoing future success.

Justin Murray, Chair

Johnathan Eele, Chief Executive

Joining Enable in late 2021 and taking the reins of a growing and successful company has been a huge honour. From humble beginnings and a vision for a locally owned and focused fibre company, Enable has grown to be a successful company serving the greater Christchurch community with world-class fibre broadband and with an ongoing vision to support our region to achieve even greater possibilities.

My vision is to ensure we continue to build on the strong foundations and success Enable has already experienced, supporting our Enable people to further deliver to our community and stakeholders, and ensure we continue the strong growth that Enable has achieved to date.

Johnathan Eele, Chief Executive

Own our market

With over 11,000 new customer connections in the last year, Enable continues to grow as more of our community value fibre broadband as their preferred method of connecting to the digital world.

There are now 143,331 households, businesses and schools connected, increasing market share to 74% and representing an 8.4% growth in connections overall.

Business connections have increased by over 7% year-on-year, with 13,784 businesses and schools connected and there has been an increase in household connections of 8.5%, totalling 129,547.

The growth has come not only from a strong preference for fibre amongst our community – over 50% prefer fibre over other technologies – but also through the ongoing renewal and expansion of the network as Enable meets the needs of greenfield subdivisions across the region and the increasing growth of multi-dwelling unit developments within existing urban areas. Enable has enhanced our support for and focus on developers as a result, to ensure we continue to meet their needs and in turn the ultimate occupiers of the new developments.

In addition, Enable continues to work with retail service providers (RSPs) to support connection volumes and develop targeted residential offers to drive connection growth. As a result, RSPs have been receptive to promoting fibre connectivity and have continued to invest in their own marketing activities in our region to increase their share of the market. This has resulted in generous consumer offers including up to 20-months free and free appliances for qualifying customers. The RSP activity has also been supported by Enable's own investment in marketing the benefits of fibre both in terms of advertising and direct promotion to targeted households, including Enable's Fibre Ambassadors continuing to talk to our community one-on-one about the benefits of fibre. The Fibre Ambassadors generated over 6,500 leads and yielded over 4,700 orders in the last year.

As the ongoing impacts of COVID-19 saw people working from home and learning occurring away from the classroom, the importance of reliable fibre connectivity has continued. Even as customers' lives returned to a degree of post-COVID normality, the need for reliable broadband to support flexible working and in-home access to entertainment and other online services has continued to increase.

Enable is proud to be the largest wholesale fixed broadband service provider in our community and owned by the community we serve.

13,784
Businesses and schools connected

143,331
Total customers connected

74%
Fixed broadband market share

129,547
Homes connected

A focus on serving our customers

Service second to none

To support the ongoing growth and connection of customers to our network, we continually strive for improvement and best practice in terms of our network build and the service we provide to customers.

A key to success is having strong relationships with our contractors who provide a valuable extension of our own people to support our customers, whether they be retail service providers (RSPs) or end-user households or businesses.

During the year we have built on our strategic relationships to support our network build and ensure our customers premises are connected quickly and easily.

We are taking a more collaborative approach to ensure shared responsibility for providing our field services.

The vision is to:

1. Ensure ongoing improvement in customer service, efficiency, and effectiveness
2. Continue to think differently and pursue business transformations that can be realised through the collaboration
3. Develop and maintain high performing customer-focused teams
4. Accept and embrace a shared approach to service delivery by working together

The benefits for our customers, whether they be residential or business, include having a deeper relationship with Enable through a better service experience and improved levels of customer service.

Our network build and connection rates have suffered as a result of COVID-19 related impacts on our workforce and that remains a risk, however, we now have plans and mitigations in place to ensure we achieve planned growth.

There is still much to do, and we continue to monitor key performance metrics of customer satisfaction, net promoter scores and cost per connection to ensure the benefits are being realised.

Customer stories

"I was very impressed with the courtesy and professional way your staff approached the installation. They made sure I understood everything they would be doing. Great service."

A customer from New Brighton.

"The two men that came rung ahead, arrived on time, installed my fibre in record speed, especially for the difficulty involved. They were polite, friendly and a credit to your company. It was refreshing to have such great service in a time where good service is rare, it took a major stress out of my move."

A customer from New Brighton.

"The people responding to phone calls were friendly, efficient, and helpful. The two installers were exceptional. They were friendly, very respectful, explained everything, installed fibre within a short time given the work they needed to do and were very considerate. I didn't experience the installation as an intrusion. I experienced it as a pleasant installation by experts."

A customer from Spreydon.

"Online support was incredible, and all communication was excellent. Turnaround time was quick with great service from the installation teams."

A customer from Mount Pleasant.

"I think what shone the most was the high degree of respect and consideration the installers showed towards me. Their expertise was obvious, and they did a great job but they particularly impressed me with the respect they showed to me, coming into my house. They were friendly and very helpful and made sure that everything was set up for me before they left. It was a pleasant experience".

A customer from Spreydon.

Honouring our community and planet

Driving towards a net zero carbon community

As we progress our goal to be a net zero business by 2030, we continue to develop our carbon reduction programme and have made good progress with assessing our impact and goals.

Since establishing our verified Greenhouse Gas (GHG) emissions baseline inventory in FY20, we have begun measuring wider scope 3 emissions. Our total measured verified footprint for FY22 is 976 tonnes of carbon dioxide equivalent (tCO2e). This year we added emissions from our freight, staff commute and remote working and will use our FY22 verified emissions as the base year for new emission sources. We have recalculated our FY20 baseline to include total estimated contractor fuel, bringing our total measured emissions in FY20 to 1,197 tCO2e.

In the last year we have achieved a 28% reduction in scope 1, 2 and 3 emissions (excluding added emissions) compared to our recalculated 2020 base year.

The key reasons contributing to the reductions are:

1. The decrease in new and reconnected installations, which decreased contractor fuel emissions
2. Vehicle fleet electrification - 70% of our vehicle fleet is now electric or hybrid and fleet emissions have reduced by ~60% since FY20
3. The head office move to Iwikau, with its Green Star 4 rating
4. The impact COVID-19 has had on our business travel

We have adopted science-based targets for our scope 1 and 2 GHG emissions and reduction plan, to ensure we are aligned to the latest climate science. This is focused on limiting global warming to 1.5 degrees, which equates to a 35% reduction from FY20 base year by FY25 and a 62% reduction from FY20 base year by FY30.

Alongside adding more scope 3 emissions to our GHG inventory, we are developing a wider scope 3 measurement and reduction plan. A key part of this is working collaboratively with our lead delivery partner, Civtec. Their vehicle fleet makes up over 62% of our total measured footprint, therefore we have established KPI's with incentives to reduce fuel and waste emissions.

We are working in partnership with Christchurch City Holdings Ltd (CCHL) and our sibling companies within the CCHL Group to develop a group emissions reduction plan and group offset strategy, which will be key in helping us move to a net zero emissions business by 2030.

Solar

An exciting initiative to reduce Enable's electricity consumption has been the deployment of solar panels across our Central Offices (CO's). The panels will generate on average approximately 13,700 kWh electricity each year for each CO which represents a savings of approximately 20% of our CO's total energy requirements. For context, an average NZ house uses about 7,000 kWh per year and the savings would be the equivalent of flying from Christchurch to Auckland 117 times. So far, we have installed solar panels in three CO's – Mount Pleasant, Burwood and Rolleston, with plans to complete the rest over the next year.

The initiative supports Christchurch City Council and other CCHL subsidiaries to increase use of solar in our city and helps contribute to the Council's goal for the city to achieve net-zero emissions (excluding methane) by 2045.

Green fibre

As a fibre broadband company, we truly believe in the value and benefit of fibre but always welcome an independent lens on how fibre performs.

In conjunction with Chorus, Tuatahi First Fibre and Northpower Fibre, we commissioned Sapere Research Group to investigate the carbon generated by different broadband technologies. The outcome was that fibre is the best broadband option for consumers with the lowest emissions compared with copper based, VDSL, Hybrid Fibre Coaxial (HFC) and 4G and 5G fixed wireless options.

The research confirms fibre is the greenest broadband technology and is an important step in empowering consumers to make communications buying decisions based on what's best for our planet.

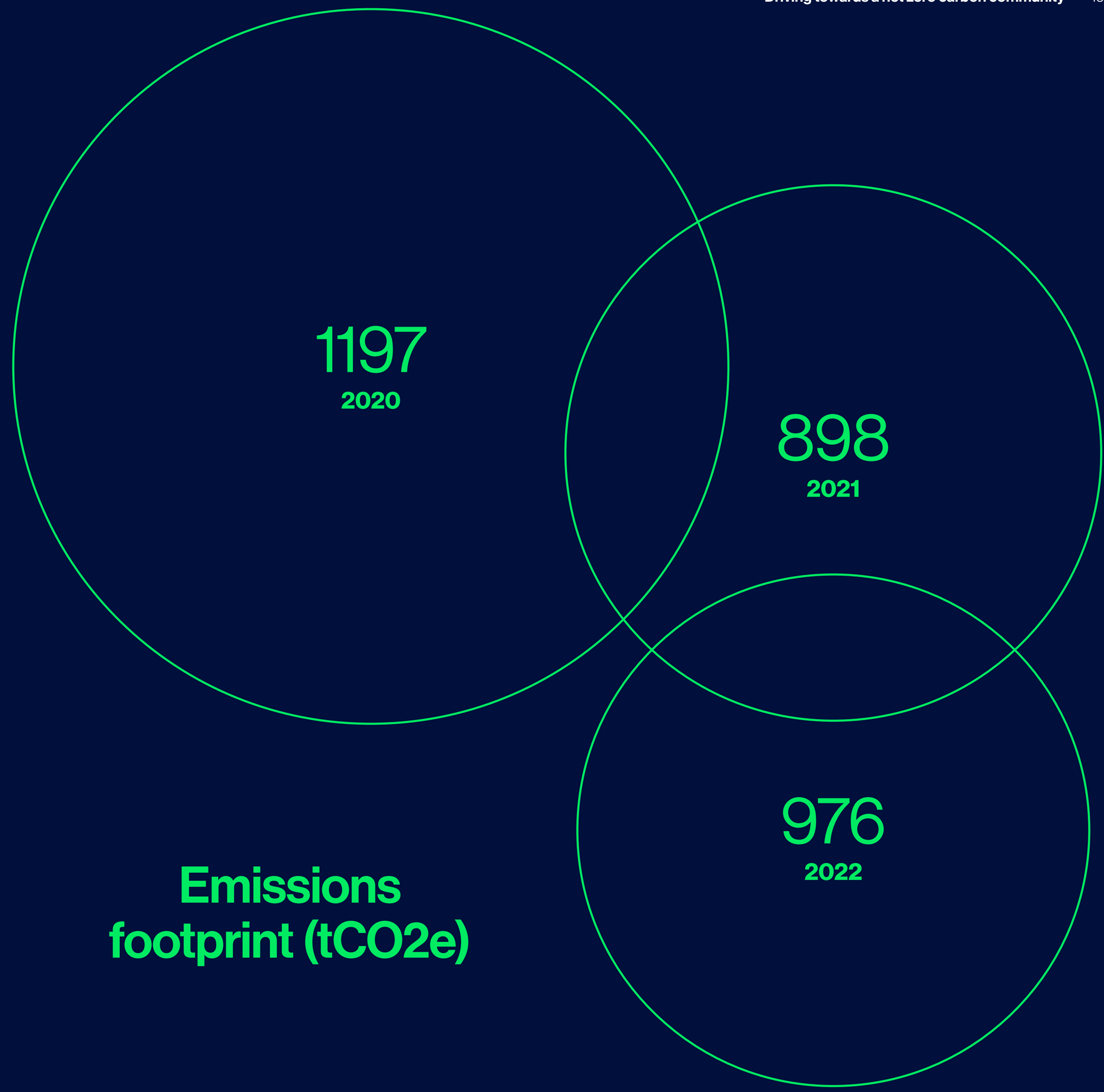
The research focused on broadband connections to homes and smaller businesses and examined the emissions during access network use and includes the shipping and disposal of equipment, such as optical network terminals and Wi-Fi routers, but not the activity in building copper, fibre, HFC or the mobile networks.

B Corp certification

Enable is currently pursuing B Corp certification and is aiming to be the first certified telco B Corp in New Zealand.

What does it mean to be B Corp certified?

Certified B Corporations, or B Corps, pursue a better economic system where they can benefit people, communities, and the planet. As a B Corp we will choose long-term investments over quick wins, and measure success based on the positive impact we create for our community, which fits very well with Enable being owned by the citizens of Christchurch and focused on supporting our community.

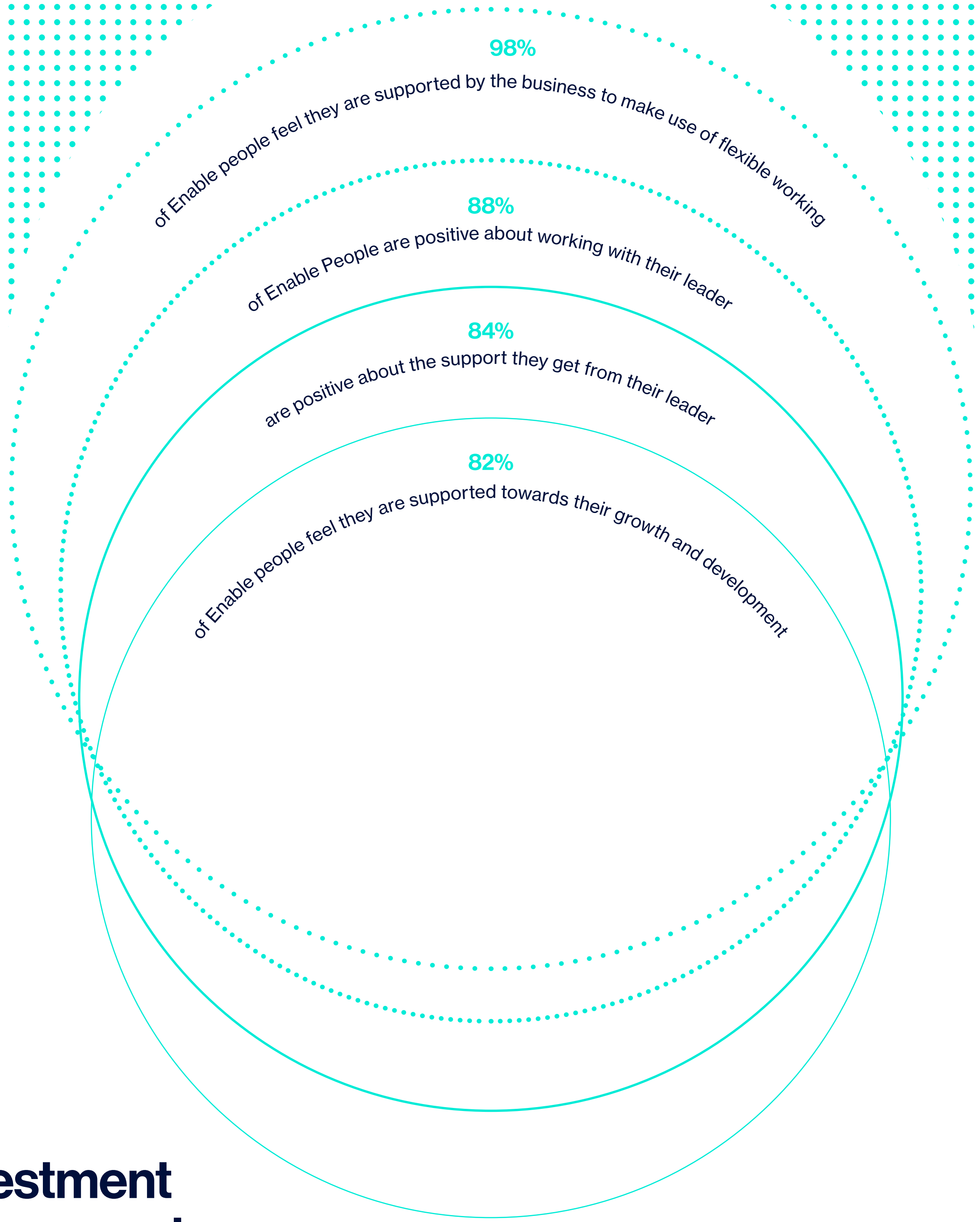


Emissions footprint (tCO2e)

Emissions source (tCO2e)	FY20	FY21	FY22
Diesel generators	1	3	2
Refrigerants (HVAC)	13	13	10
Fleet	51	43	20
Head office (energy)	22	19	16
Central offices (energy)	140	146	162
Business travel	77	21	26
Electricity T&D losses	14	14	16
Office waste to landfill	1	1	0.3
Freight	- **	- **	44
Remote working	- **	- **	8
Staff commute	- **	- **	60
Contractor fuel	867*	629*	601
Contractor waste	10	11	10

*Recalculated in FY22 ** Not measured

It starts with us



Investment in our people

We understand that our people are at the heart of what we do and we're committed to supporting them in terms of the environment in which they work, the benefits that are available to them and through supporting their personal and professional development.

Creating the best environment possible that allows our talented people to thrive and reach their potential is integral to us delivering on our ambitions as an organisation and is a key enabler of our strategy. We are committed to delivering initiatives that help us attract, retain, grow, inspire and keep safe the very best people, especially as the labour market has tightened and competition to attract talent has increased.

Our key areas of focus with our Organisational Development investment are:

Improving the employee experience
We want Enable to be the best place to work. A big part of achieving this is listening to our people and constantly improving our people-related practices and processes.

Capability development
A key part of making Enable the best place to work is ensuring emphasis on capability growth and building the soft skills and mindsets that allow our people to change and adapt with us as an organisation.

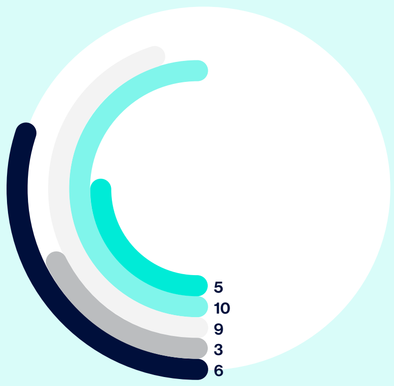
Future of work
We are committed to looking at challenges we see emerging in our industry and investing work now to future-proof ourselves through strategic initiatives, innovative ways of working and external collaboration.

We are committed to creating an environment where growth and learning is prioritised and celebrated, and that is seen as central to creating an adaptive organisation that continues to invest in its people and supports our ongoing success.

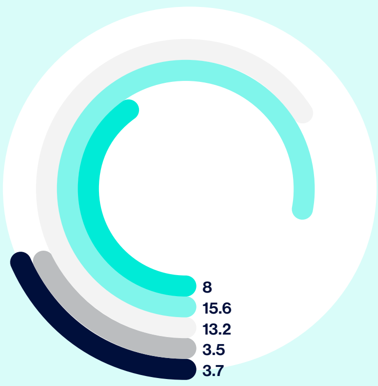
With the appointment of an Organisational Development Manager, we are investing greater effort in this area. By continuing to focus on the development and needs of the organisation we're ensuring that we meet future opportunities with a capable and empowered workforce.

Our health and safety focus

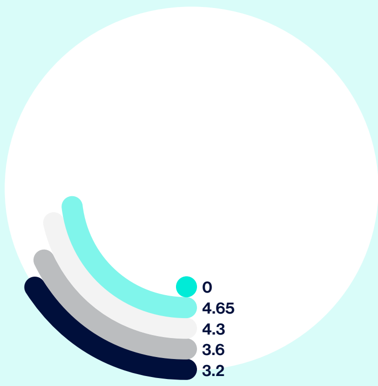
Total recordable injuries



Total recordable injury frequency rate*



Lost time injury frequency rate*



*Per million hours worked — 2018 — 2019 — 2020 — 2021 — 2022

We have continued to apply the three C's (Consult, Co-ordinate & Co-operate) with our service providers as a requirement of the Health and Safety at Work Act 2015.

By completing a range of positive lead initiatives, we have managed to reduce our Total Recordable Injuries (TRI) result. Some of our initiatives have been joint risk assessments, incident investigations, training opportunities, toolbox sessions, reviews of Site-Specific Safety Plans (SSSP)/Job Safety Analysis (JSA's), and combined site safety visits into our field activities. Our service providers have placed a good amount of energy towards tackling their critical risk areas, leading to more positive results.

We had five Total Recordable Injuries (TRIs) in 2022, which was just short of our target, being a maximum of three. We reduced our TRI count by 50% year on year, furthermore all TRI incidents sit in the Medical Treatment Incident & Restricted Work Incident areas. No Lost Time Incidents were sustained, a demonstration of the further gains we have made by reducing the severity of our TRI type injury.

A best-in-class network

To ensure we retain a network that is truly future-proofed, we have continued the process to upgrade our layer 2 network which will see the replacement of all related technology components over the next three years.

This is a significant investment to ensure the network remains best-in-class and supports the future capacity and growth of the fibre network.

A significant amount of work has been done to scope the future requirements and follow a procurement process that has seen Enable work with shortlisted vendors to resolve the best technology, implementation approach, timing, and price to meet our network needs for at least the next ten years. With COVID-19 related supply constraints we have been careful to ensure we partner with a vendor that provides certainty for the provision of the necessary technology components needed as well as confidence of price.

The layer 2 investment is part of Enable's long-term asset management strategy and will provide the ability for us to meet the needs of customers and continue to support the development of new services for our community.

An example of services the new technology supports is Hyperfibre, which Enable launched in 2021 in the city centre area, bounded by the four avenues. In addition, we have begun to deploy Hyperfibre to three high schools in Christchurch – Cashmere, Shirley Boys and Burnside High. Once completed, the schools will enjoy 2 gigabytes per second symmetrical upload and download speeds, enabling students to work simultaneously with certainty of performance.

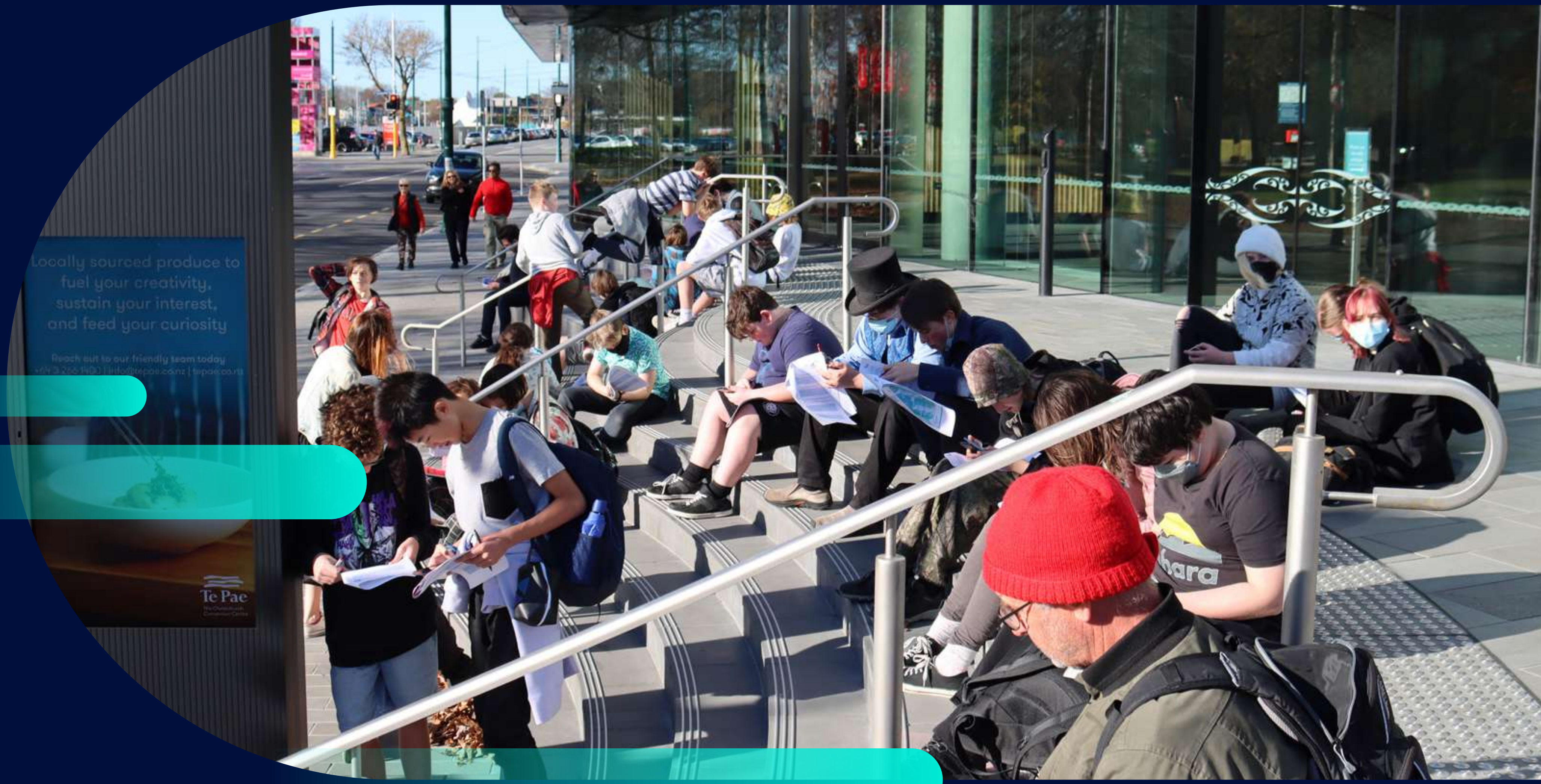
Hyperfibre allows for creativity and innovation, making opportunities limitless, and opening doors for students and future leaders by providing a service that has no barriers, ensuring connectivity isn't an issue.

As well as future-proofing the underlying technology, and as we continue to work to optimise our network, a key area of focus has been on enhancing our operational delivery and service experience. Enable's relationships with its service providers supports this intent as does moving our Network Operations Centre in-house, providing 24/7 monitoring of the network, and becoming part of our expanded Service Centre focused on providing enhanced customer service.

Our overall network service performance has continued to be well above contracted service levels with 99.997% service availability achieved across all customer connections.

Honouring our community and planet

Digital equity and support for our community



As a community-owned business we believe in giving back and supporting causes that matter most to our community.

A particular focus has remained on digital equity whereby we aim to support everyone to have access to, and be able to effectively use, digital technologies.

We support causes that Enable people are passionate about by providing sponsorship to community groups, charities, sports teams, and other interest areas that our people participate or volunteer in. We're also committed to supporting our strategic partners such as the Canterbury Employers' Chamber of Commerce and Future Leaders in Technology.

We have continued to work with Ōtautahi Community Housing Trust (ŌCHT) to support a broadband solution for their community housing tenants, and have continued our work with the Ministry of Education to provide school students without access to the internet at home with a free wholesale fibre broadband service. This has been extended to at least January 2023.

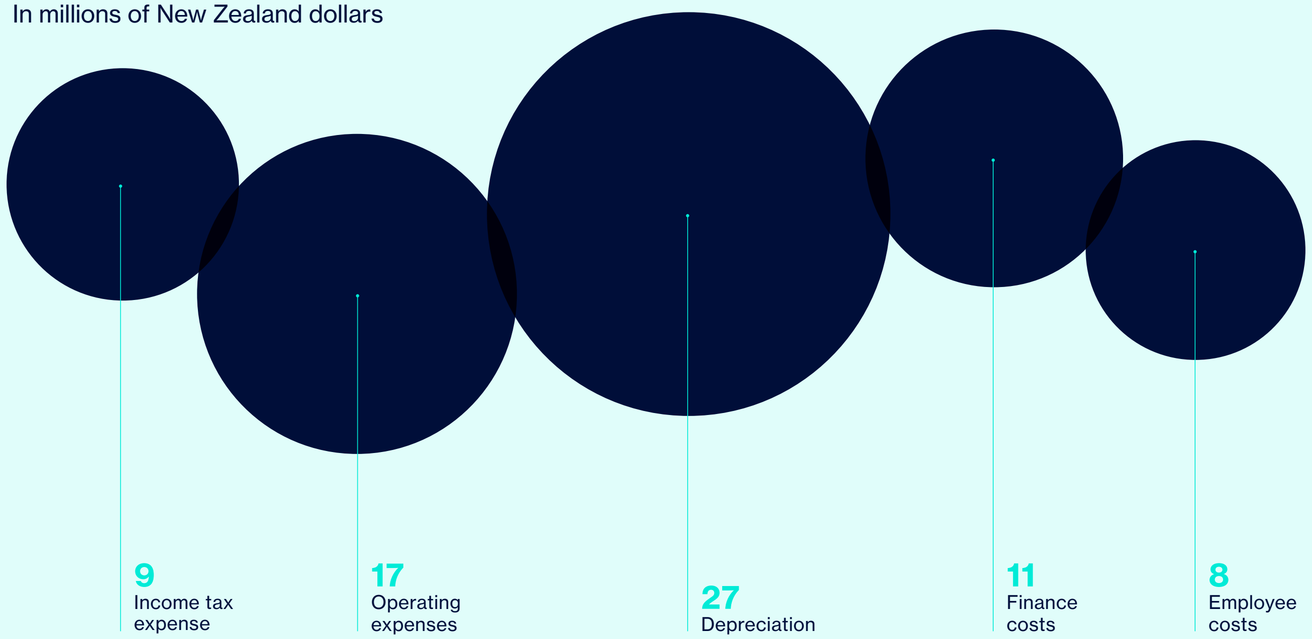
Throughout the year Enable people have raised funds for numerous causes including a City Mission food drive, Movember and Sweat with Pride, raising money for men's health issues and Rainbow communities respectively. Through our people sponsorship programme we have also supported numerous great causes including the Jet Boating NZ Dick Farrant Fun Day, Miscarriage Matters NZ annual Butterfly Fun Run, Bellyful Waimakariri, Riding for the Disabled, and the Southern Dragons Paddling Club.

We have continued our support for the Canterbury Employers' Chamber of Commerce, aligning to its digital event series, and provided ongoing support to the Telecommunications Users Association of New Zealand's Future Leaders in Technology events.

Financial performance

Expense breakdown

In millions of New Zealand dollars

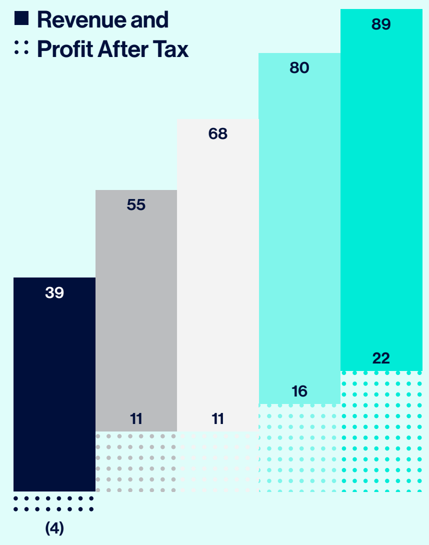


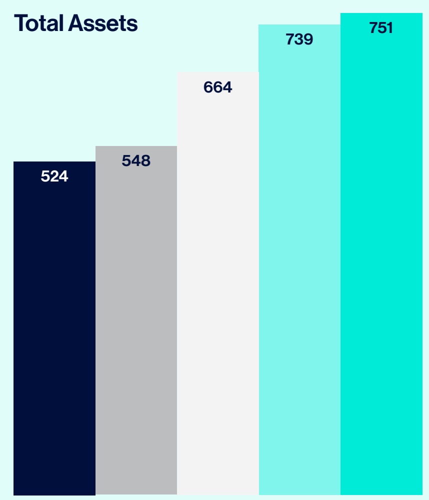
$751 Million Total assets

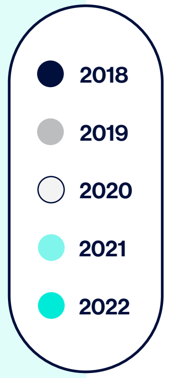
$20 Million Dividend

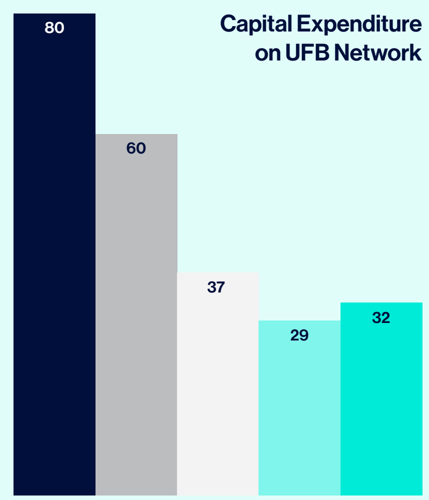
$22.5 Million Net profit after tax

$89 Million Gross telecommunications revenue









In the last year we delivered a $20m dividend to the people of Christchurch – an 11% increase on the $18m dividend provided in 2021 – and marks the continuation of a long-term dividend payment programme.

Like the first dividend paid in 2021, the 2022 dividend has been prioritised over debt repayment as we continue to support our community through difficult financial times brought about through COVID-19, particularly as it affects global supply chains, and geo-political tensions overseas which are affecting global markets.

The dividend payment was in line with the return targeted as per the 2022 Statement of Intent (SOI).

The net profit after tax for the 2022 year of $22.5m, represents an increase of $6.5m (42%) on last year, reflecting Enable's larger income base made up primarily of revenue from our wholesale fibre broadband services. The gross telecommunications revenue for the year was $89m, an increase of $9m against the previous year but 1% behind our SOI target of $90m. The value of our total assets has increased by 1.6% to $751m with continued investment in our network infrastructure.

The result again highlights the improved financial maturity of the business as we move towards a focus of operate and maintain, and beyond our significant network growth phase. The overall performance and targeted future performance are in line with the expectations of our shareholder and what would be expected of an infrastructure business at this stage of its maturity.

Nurturing industry and government relationships

Enable continues to maintain close working relationships with industry and government stakeholders to ensure the sector remains focused on future investment in the industry and in turn for the ongoing benefit of consumers.

In particular, we have had regular engagement with the Telecommunications Commissioner and the team at the Ministry of Business, Innovation and Employment – particularly in relation to our digital equity goals.

We remain an active member of the Telecommunications Forum (TCF) including providing input to the new TCF Broadband Marketing Code, and TCF Code for Marketing of Alternative Services During Copper and PSTN Transition (MAS Guidelines).

As the retail service quality code work is focused on retail service providers, under Part 7 of the Telecommunications Act 2001, Enable is not part of these TCF codes, however, we did commit to similar marketing guidelines via a Letter of Commitment to the Commission.

We are committed to assisting the industry in ensuring that all consumers are treated fairly and are equipped to make fully informed decisions about their broadband choices.

We have focused on enhancing our relationship with Crown Infrastructure Partners (CIP), which plays a critical role in managing the government's funding commitment to enhancing broadband capacity and access in areas not currently well served.

We also continue to support numerous industry and business-related forums such as the Canterbury Tech Cluster, the Canterbury Employers Chamber of Commerce, and the Telecommunications User Association of New Zealand.

We continue to be active in providing a voice to the industry, supporting fairness, growth, and ensuring the interests of the greater Christchurch community continue to be served and the investment in Enable is protected.

Looking forward to the year ahead

Building on our purpose of 'Connecting our community with unlimited opportunity' we will focus on two strategic themes in the next year; to Invest in our future and Be our best self. The two balance the need to be future focused, prepared to realise growth opportunities as they arise, and to ensure the core business is the best it can be to support our existing and future customers.

We are aiming to increase total network connections to 153,000 in the next year and increase total revenue to over $100m, both of which are further key milestones in our growth journey.

To achieve that growth our strategy is simple, focused and positions us to be nimble in response to opportunities and threats as they arise.

Underlying the strategic themes are five pillars that focus on:

1. Leveraging our existing strengths, meaning we pursue growth opportunities that build on our existing network and capabilities;
2. Expanding our horizons, to uncover bold new ideas to complement our existing business operations;
3. Honouring our community and planet, to respect our ownership and as kaitiaki of the network, look for ways to support our community and be sustainable in all we do;
4. Future-proofing our network, by upgrading our network equipment to ensure our fibre remains the market leading connectivity option; and
5. Driving efficiency, ensuring we are efficient and automate where possible, with system capability to enhance our touch points with RSPs and our lead delivery partner (Civtec).

Leverage our existing strengths

In the next year we will focus on growth through new greenfield and multi-dwelling unit (MDU) developments, with an ongoing focus of working with property developers to continue our strong performance in this area.

The recent trend of increasing greenfield connections is forecast to continue as we further the strong relationships with the development community, and cement Enable as an easy to work with partner of choice. We see a clear opportunity to leverage those relationships to increase our footprint on the periphery of our existing network, which in turn could have flow-on benefits further out in more remote areas and extend our current network area.

We will continue to focus on MDU opportunities given Christchurch's increasing urban densification, which aligns to our network upgrade program and accelerates our return on investment in capacity. We've invested in dedicated resource to support the further forecast growth in MDU builds and are developing a new MDU developer offer to capitalise on the connection potential. Our goal is to make fibre the connection method of choice for both the developers projects and the resulting owners/occupiers of the properties.

We are also focused on leveraging our core fibre asset to uncover and win more revenue from adjacencies and natural extensions from our core business. We want to secure a greater share of our market and are introducing roles to provide a dedicated focus on ensuring we are top of mind to secure these.

Expand our horizons

While we continue to support growth in our core revenue, we will increase efforts to identify and implement supplementary and complementary revenue opportunities in the near, mid, and long term. These are focused on ensuring we remain strong in our core market, realise efficiency gains where we can, extend our portfolio, and innovate around new technologies where it makes commercial sense, which will help diversify revenue streams.

As we start working on new opportunities, we will augment our ways of working to be more agile, to grow and prioritise opportunities. That flexibility will ensure we can take advantage of market movements or otherwise unforeseen opportunities, allowing us to take ideas from concept to implementation quickly.

Reorganising our teams to work on a prioritised growth pipeline we see as an evolution in our ways of working and a natural next step as we transition from our build phase. Our initial focus will be on initiatives that are closely aligned to our traditional business whilst exploring larger or more innovative projects that may require capital investment.

Honour our community and planet

Our commitment to our community remains a central focus for the year ahead. We are proud of the community value generated through every aspect of our business – whether through our fibre services being a community enabler, our dividend returns to our community, as a local employer, sustainable operator, or through initiatives specifically aimed at generating community value.

We are working to take a broad sustainability focus (beyond just environmental) across all we do and will pursue B Corp certification as both a reference to our current sustainable practices and as a tool to define and align areas for improvement across our business in the future.

We will continue to operate our business in an environmentally responsible way and are taking a science-based approach to emission reduction (35% by FY25 and 62% by FY30 over our FY20 base year) and net-zero emission plans. We will continue to promote Enable and our services (Green Fibre) as the most environmentally sustainable connectivity option.

To continue to deliver additional value to our community we will focus on digital equity, enhanced connectivity, digital innovation, and partnerships for growth. We believe that to generate the maximum value for our community we need to leverage partnerships with Government, industry, and other organisations with specialist expertise in addressing community need and focus on our strength areas. Examples include our Christchurch Free Wi-Fi service, delivered in partnership with Christchurch City Council, and partnering with ŌCHT to support solutions for its tenants.

We will continue to engage with central Government on a broader, sustainable, long-term digital equity solution for our community.

Future-proof our network

We will continue to ensure our fibre network is able to support future customer requirements. Fibre-based broadband will become even more important to how our community functions and thrives, with the growth of remote working and learning, higher resolution video and extended reality immersive services becoming more prevalent.

We are beginning our first full upgrade of our layer 2 network - the electronics and optical equipment powering our fibre services. The upgrade is the foundation needed to support our network strategy and growth path, reaching more customers, and meeting their growing network needs through offering next-generation services like ultra-high-speed Hyperfibre.

Our replacement programme will see us select equipment from international suppliers and will be deployed with the assistance of a high-tech regional network integrator to ensure the replacement provides scalability and flexibility for the next decade.

Our plan brings a significant amount of our network skills capability in-house providing increased control of customer experience and future flexibility to our network offerings.

The replacement initiative is a significant undertaking and will take place over a two-year time horizon (including a period of hybrid network operation). The end-state will be an upgraded network optimised for next generation services.

Drive efficiency

We will focus on continuous improvement in our core fibre business, maximising end-to-end operational efficiency and effectiveness, while providing seamless and consistent customer experience – an extension of our 'Service Second to None' focus over the previous 12 months.

We will build on the insourcing of our Network Operations Centre to offer 24/7 support and integration of our lead delivery contractor, Civtec, into an extension of our business to connect and support our customers.

We will continue to focus on fully leveraging the new collaborative model, driving efficiencies through our network platforms, digital adoption, enhanced customer self-serve, and better end to end control and visibility. Asset efficiency, capacity, and availability will also become more important as competition increases. The operating model will be a key enabler of our strategic growth pipeline that we see as key to our revenue diversification goals.

Our multi-year Operations Support System (OSS) upgrade works hand in hand with our layer 2 network upgrade, delivering both business and customer benefits. The upgrade of end-to-end systems will digitally connect our business from customer premises, through our supplier partners, and to our retail service providers. Our future OSS will provide the key to unlocking our full network, systems, processes, people, and organisational potential and is a cornerstone of maximising our network performance, customer experience and service delivery, freeing up resource to realise growth opportunities.

We are also investing in a new sales pipeline tool which will allow us to maximise revenue growth opportunities and ensure clear visibility and ownership end-to-end, from opportunity identification through to fulfilment. This will be critical as we continue to focus on gaining a greater share of adjacent revenue that follows a more complex path from sale to delivery.

Our people drive and realise our strategy

Our people strategy is key to realising the organisational strategy. We will continue to attract, retain, grow, inspire, and keep safe the very best people, or we will not achieve our goals.

We will focus on developing an organisational culture underpinned by agile, new ways of working, providing flexible working and a modern office environment.

We will empower our leaders and people managers to take greater responsibility for performance management, growth opportunities, and the health and wellbeing of their people. Our people will be supported to thrive in a business environment that will be nimble and responsive to both growth opportunities and challenges – to succeed our people need to be responsive to an evolving operating environment. We will have stronger cross functional ways of working where self-governing teams work collaboratively towards agreed outcomes, with an enhanced sense of ownership and empowerment which is key in getting the best out of our people, reflecting an evolution in how our business operates.

We will leverage the environment to grow an employment brand that will attract the best talent.

Board of Directors

Justin Murray, Chair

Justin is an experienced director and investment banker.

Justin is Executive Chairman of Murray & Co, and has held a range of prior governance roles, including as founding Chair of Christ Church Cathedral Reinstatement and ten years as a Director of Christchurch Airport. Initially a corporate lawyer, his banking career began with Rothschild in London, and he was also a Managing Director with Bear Stearns before returning to New Zealand in 2004 and founding Murray & Co. He holds a Bachelor of Laws from the University of Canterbury and is a certified member of the Institute of Finance Professionals New Zealand.

Justin joined the Enable Board in August 2020 and was appointed Chair of Enable effective from 1 July 2021.

Kathy Meads

Kathy is a professional independent director.

Kathy has extensive governance, commercial and financial experience across a broad range of business sectors and has held senior executive positions with Telecom/ ConnecTel, Ngai Tahu Holdings Corporation and Lyttelton Port of Christchurch. Kathy is a director of Port Taranaki, Magic Memories Group Holdings, NZPM Group, Shipowners Mutual Protection and Indemnity Association (Luxembourg), and Transpower New Zealand.

Kathy holds a Bachelor of Commerce degree from the University of Canterbury. She is a Member of the Institute of Directors in New Zealand and a Fellow Chartered Accountant of Chartered Accountants Australia and New Zealand.

Kathy joined the Enable Board in August 2017. Resigned July 2022.

Geoff Lawrie

Geoff is a professional independent director, following an executive career in the technology and telecommunications industries in New Zealand and Asia Pacific.

Geoff is a director of WEL Networks, Plan B, and Auror, and has held governance roles in the medical, tourism and primary industry sectors. He is a current advisor to a number of innovative, high-growth businesses.

Geoff holds a Bachelor of Commerce degree from the Unversity of Otago is a Chartered Member of the Institute of Directors.

Geoff joined the Enable Board in August 2021.

Craig Elliott

Craig has thirty years of experience in Silicon Valley as an international technology executive focusing on networking and communications.

Craig spent ten years at Apple Computers in a variety of executive positions in their networking and communications divisions. He then founded and was CEO of Packeteer, the company that developed deep packet inspection and application-based networking. He also founded Pertino, which built the first cloud based, global business network. He also served as CEO. Craig is currently an independent consultant working with companies to develop their technical and global expansion strategies.

Craig joined the Enable Board in October 2017.

Scott Weenink

Scott has broad governance experience including Executive and Board Director roles with telecommunications and airport companies in New Zealand, Asia and the Middle East.

Scott's current Board Director roles include Chair positions with Generate KiwiSaver Funds Management, Asset Finance Limited and the New Zealand Cricket Players Association. Scott has a master's degree in Law from Oxford University.

Scott joined the Enable Board in November 2018.

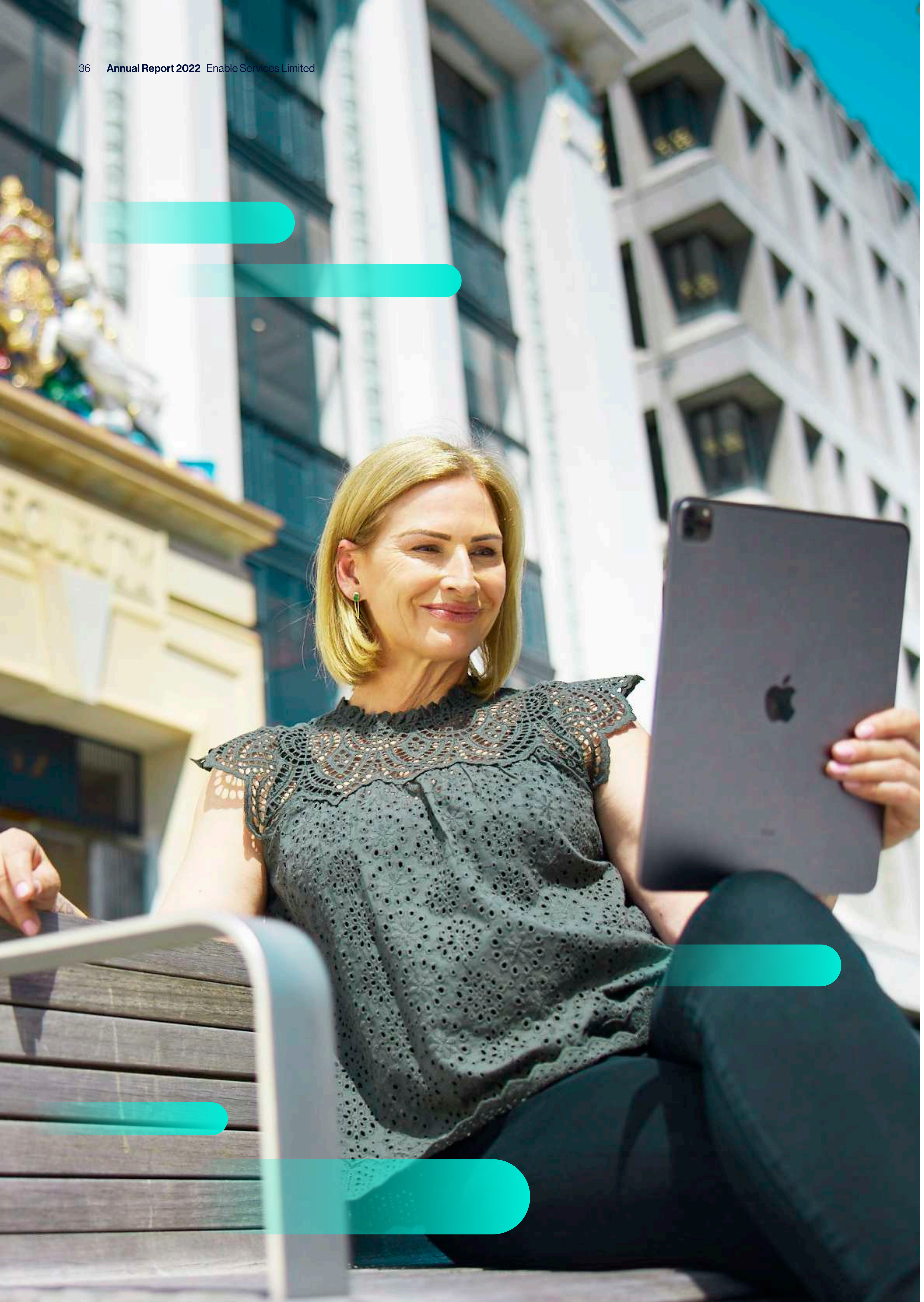
Mark Petrie

Mark has twenty years' experience as a director specialising in the communications and broader technology sectors.

Mark has led the establishment and growth of numerous start-up businesses and currently holds several board roles – including CommArc, De Novo Partners and DARC Energy.

Mark was the founder and CEO of internet provider Snap and led the integration of its fibre communications business with 2degrees, helping it become one of the largest full-service communications providers in New Zealand. Mark has extensive experience in all facets of leading a communications business – including financial management; market strategy development and implementation; network design, build and maintenance; technology innovation; and regulatory compliance.

Mark joined the Enable Board in June 2019.



Governance

Enable Services Limited (ESL) is a fully owned subsidiary of Christchurch City Holdings Limited (CCHL).

ESL partnered with Crown Infrastructure Partners Limited (CIP), formerly Crown Fibre Holdings Limited, to build and operate the ultra-fast broadband (UFB) network for Christchurch and surrounding centres – which resulted in the establishment of Enable Networks Limited (ENL).

On 29 June 2016, ESL became the sole shareholder in ENL, meaning ENL and its world-class fibre infrastructure became fully owned by Christchurch city. Combined, ESL and ENL make up the Enable Group (Enable).

Governing documents

As required by the Telecommunications Act 2001, Enable operates under a Deed of Open Access Undertakings for Fibre Services in favour of the Crown. The purpose of the Deed is to promote market competition in telecommunications.

Board role and responsibilities

The Board of each company is responsible for the overall direction of that company and the formulation of policies that will support the deployment and uptake of fibre broadband within Enable's coverage area.

Board structure and appointment

The Board of ESL consists of no more than seven Directors appointed by CCHL. The Board of ENL consists of no more than seven Directors appointed by ESL. Currently the same Directors serve on the ESL and ENL Boards.

Board sub-committees

The Audit and Risk Sub-Committee assists the Boards in discharging their responsibilities in financial reporting and external audits, risk management and assurance, and capital structure and treasury. The Sub-Committee is made up of no more than four members.

The Health, Safety and People Sub-Committee assists the Boards to fulfil their corporate governance responsibilities relating to Health, Safety and Wellness policies and practices of the companies and to improve the Health and Safety performance of the companies and our contractors. This Sub-Committee also assists the Boards to establish remuneration, recruitment, retention and termination policies and practices. The Sub-Committee is made up of at least two members.

The Future Technology & Products Sub-Committee assists the Boards to fulfil their corporate governance responsibilities relating to future technology and product investment and performance of the companies. The Sub-Committee is made up of at least two members.

Management services agreement

ESL operates under a thin company structure with strategic and operational services provided to ESL by ENL under contract. A Management Services Agreement (MSA) between ESL and ENL sets out this relationship.

The MSA covers the provision of Chief Executive, Finance, Legal, Administrative, Health and Safety services, and other executive management services required by ESL.

Financial statements

Statement of responsibility

The Board is responsible for the preparation of Enable Services Limited's financial statements and for the judgements made in them.

The Board of Enable Services Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, the financial statements fairly reflect the financial position and operations of Enable Services Limited for the year ended 30 June 2022.

Signed on behalf of the Board

Justin Murray	**Geoff Lawrie**
Chair	Audit and Risk Committee
28 September 2022	28 September 2022

Financial statements

Contents

Statement of comprehensive income

For the year ended 30 June 2022

	Note	Group 2022 $'000	Group 2021 $'000
Operating revenue	5(a)	94,590	84,433
Other income	5(b)	10	-
Total revenue and gains		**94,600**	**84,433**
Operating expenses	6	(25,055)	(23,297)
Earnings before interest, tax, depreciation and amortisation		**69,545**	**61,136**
Depreciation and amortisation	7	(27,350)	(25,230)
Earnings before interest and tax		**42,195**	**35,906**
Finance income	8	210	204
Finance costs	8	(11,068)	(13,270)
Net finance costs		**(10,858)**	**(13,066)**
Profit before income tax		**31,337**	**22,840**
Income tax expense	9	(8,897)	(7,019)
Profit for the year		**22,440**	**15,821**
Other comprehensive income			
Items that will not be recycled to profit or loss:			
Revaluation of assets	3	-	67,036
Income tax relating to other comprehensive income		-	(18,770)
Other comprehensive income for the year, net of tax		**-**	**48,266**
Total comprehensive income for the year, net of tax		**22,440**	**64,087**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

Statement of financial position

As at 30 June 2022

	Note	Group 2022 $'000	Group 2021 $'000
Current assets			
Cash and cash equivalents	11	5,741	6,300
Trade and other receivables	12	2,472	2,268
Other financial assets	13	6,000	6,000
Inventories	14	3,069	1,891
Total current assets		**17,282**	**16,459**
Non-current assets			
Property, plant and equipment	3	721,227	702,886
Construction contract work in progress	15	-	6,355
Right of use assets	19(a)	4,144	4,259
Intangible assets	16	8,270	9,372
Total non-current assets		**733,641**	**722,872**
Total assets		**750,923**	**739,331**
Current liabilities			
Creditors and other liabilities	17	9,596	8,720
Employee entitlements	18	1,553	1,618
Current tax liabilities	9(c)	8,601	2,393
Borrowings	4	795	-
Lease liabilities for right of use assets	19	468	95
Deferred revenue	20	62	61
Total current liabilities		**21,075**	**12,887**
Non-current liabilities			
Borrowings	4	295,188	294,400
Lease liabilities for right of use assets	19	4,217	4,272
Deferred tax liability	9(d)	70,429	70,088
Deferred revenue	20	164	274
Total non-current liabilities		**369,998**	**369,034**
Total liabilities		**391,073**	**381,921**
Net assets		**359,850**	**357,410**
Equity			
Share capital	21	227,293	227,293
Retained earnings		(6,987)	(9,427)
Revaluation reserve		139,544	139,544
Total equity		**359,850**	**357,410**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

Statement of changes in equity

For the year ended 30 June 2022

	Note	Share capital $'000	Revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 July 2020		**227, 293**	**91,278**	**(7,248)**	**311,323**
Profit for the year		-	-	15,821	15,821
Revaluation of property, plant and equipment	3	-	48,266	-	48,266
Dividends paid		-	-	(18,000)	(18,000)
Balance as at 30 June 2021		**227, 293**	**139,544**	**(9,427)**	**357,410**
Profit for the year		-	-	22,440	22,440
Dividends paid		-	-	(20,000)	(20,000)
Balance as at 30 June 2022		**227, 293**	**139,544**	**(6,987)**	**359,850**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

Statement of cash flows

For the year ended 30 June 2022

Cash flows from operating activities	Note	Group 2022 $'000	Group 2021 $'000
Receipts from customers and other sources		94,565	84,513
Interest received		208	239
Payments to suppliers and employees		(25,359)	(23,747)
Interest and other finance costs paid		(11,061)	(13,310)
Tax subvention (payments)/receipts	22	(2,348)	1,686
Net cash provided by operating activities	23	**56,005**	**49,381**
Cash flows from investing activities			
Payment for property, plant and equipment		(35,276)	(32,435)
Proceeds from sale of property, plant and equipment		10	-
Payment for intangible assets		(2,737)	(2,037)
Payment for investments into bank deposits	13	(24,000)	(24,000)
Proceeds from bank deposits maturing		24,000	28,000
Net cash used in investing activities		**(38,003)**	**(30,490)**
Cash flows from financing activities			
Proceeds from borrowing	22	2,384	-
Repayment of borrowings		(801)	-
Repayment of lease liabilities	19	(144)	(565)
Dividends paid		(20,000)	(18,000)
Net cash provided by financing activities		**(18,561)**	**(18,565)**
Net increase in cash and cash equivalents		(559)	326
Cash and cash equivalents at beginning of year		6,300	5,974
Cash and cash equivalents at end of year	11	**5,741**	**6,300**

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

Notes to the financial statements

For the year ended 30 June 2022

1 Statement of accounting policies

Reporting entity

The financial statements are for the Group, consisting of Enable Services Limited (ESL) and its wholly owned subsidiary Enable Networks Limited (ENL). ESL is a limited liability company incorporated in New Zealand under the Companies Act 1993, and is a profit-oriented entity.

ESL is a wholly-owned subsidiary of Christchurch City Holdings Limited, itself a wholly owned subsidiary of Christchurch City Council (CCC).

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit-oriented entities.

These financial statements were approved by the Board of Directors on 28 September 2022.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the UFB network assets, which has been measured at fair value as described in Note 3.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest one thousand dollars ($'000). The functional currency of the Group is New Zealand dollars.

Accounting policies

Accounting policies are included in the individual notes to the financial statements, as follows:

	Note		Note
Property, plant and equipment	3	Borrowings	4
Operating revenue and other income	5	Finance income and costs	8
Income taxes	9	Cash and cash equivalents	11
Trade and other receivables	12	Inventories	14
Intangible assets	16	Creditors and other liabilities	17
Leases	19	Deferred revenue	20
Share capital	21		

New accounting standards and interpretations

During the year, the Group revised its accounting policy in relation to SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these arrangements - Refer note 16.

New accounting standards and interpretations

There have been no other changes in accounting policies. All policies have been applied on bases consistent with the prior year.

2 Critical judgements, estimates and assumptions

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the specific accounting note as shown below.

Area of estimate or judgement	**Note**	
Valuation of UFB network assets	Note 3	Property, plant & equipment

KEY ASSETS AND LIABILITIES

3 Property, plant and equipment

Gross carrying amount	UFB network layer 1 $'000	UFB network layer 2 $'000	Central offices $'000	UFB network Total $'000	Other plant and equipment $'000	Work in progress $'000	Total $'000
Cost/valuation at 1 July 2020	**576,579**	**35,299**	**13,123**	**625,001**	**2,212**	**-**	**627,213**
Additions	26,823	1,172	957	28,952	2,621	-	31,573
Disposals	-	-	-	-	(488)	-	(488)
Revaluation adjustment	48,678	(3,765)	1,134	46,047	-	-	46,047
Cost/valuation at 30 June 2021	**652,080**	**32,706**	**15,214**	**700,000**	**4,345**	**-**	**704,345**
Additions	29,017	2,226	604	31,847	840	40,442	73,129
Disposals	-	-	-	-	(63)	-	(63)
Transfers from work in progress	-	-	-	-	-	(31,847)	(31,847)
Cost/valuation at 30 June 2022	**681,097**	**34,932**	**15,818**	**731,847**	**5,122**	**8,595**	**745,564**
Accumulated depreciation and impairment							
Accumulated balance at 1 July 2020	**-**	**-**	**-**	**-**	**(1,333)**	**-**	**(1,333)**
Depreciation expense	(13,755)	(6,911)	(323)	(20,989)	(334)	-	(21,323)
Disposals	-	-	-	-	208	-	208
Written back on revaluation adjustment	13,755	6,911	323	20,989	-	-	20,989
Accumulated balance at 30 June 2021	**-**	**-**	**-**	**-**	**(1,459)**	**-**	**(1,459)**
Depreciation expense	(15,152)	(6,715)	(527)	(22,394)	(541)	-	(22,935)
Disposals	-	-	-	-	57	-	57
Accumulated balance at 30 June 2022	**(15,152)**	**(6,715)**	**(527)**	**(22,394)**	**(1,943)**	**-**	**(24,337)**
Carrying amount at 30 June 2021	**652,080**	**32,706**	**15,214**	**700,000**	**2,886**	**-**	**702,886**
Carrying amount at 30 June 2022	**665,945**	**28,217**	**15,291**	**709,453**	**3,179**	**8,595**	**771,227**

Property, plant and equipment includes the original fibre optic network owned by the Group and the subsequent capital cost of deploying the UFB network covering all of Christchurch; Rolleston and Lincoln; and parts of Rangiora, Kaiapoi and Woodend. The UFB network assets are long term infrastructure assets with long term investment horizons.

UFB network layer 1 assets comprise the physical fibre network assets which are essentially the unlit pipeline or pathway that the light pulses use to transmit data, otherwise known as dark fibre. These assets include ducting and optical fibre.

UFB network layer 2 assets comprise the electronics necessary to light the optical fibre or the means by which communication occurs down the layer 1 pathway. These assets are located in Central Offices and in the premises of end users.

Central Offices include both building costs and setup costs – fire protection, security and backup generator assets.

Other plant and equipment includes leasehold improvements, information technology hardware, furniture and fittings.

Work in progress is not depreciated.

Work in progress is reviewed on a regular basis to ensure that costs represent future value.

Recognised fair value measurements

The UFB network layer 1 and 2 assets, together with the Central Offices (collectively described as UFB network assets) were revalued to fair value as at 30 June 2021 based on a range provided by independent valuers Deloitte. Deloitte are considered to have the appropriate qualifications and experience in the fair value measurement of such assets.

Deloitte considered that the discounted cash flow (DCF) methodology was the most appropriate method of valuation, given that:

- long term cash flow forecasts were available
- there is a reasonable degree of predictability around the cash flows
- a potential buyer of these assets would primarily be interested in the future economic benefits they could generate.

The DCF methodology involved assessing:

- the future free cash flows of the business (excluding future expansionary capital expenditure and related revenue)
- a 50 year cash flow forecast capturing future capital expenditure versus depreciation and the expected useful life of the existing asset base
- discounting the cash flows using a discount rate based on weighted average cost of capital (WACC)
- whether there were any surplus assets.

The Telecommunications Act 2001 has been amended to introduce regulation of fibre to the premises communication networks. From 1 January 2022 Price and Quality Regulation is imposed on Chorus, but Information Disclosure only Regulation applies to the other local fibre companies, including Enable. The fibre to the premises regulation applies for a first period of three years and is then assumed to be followed by a second period of five years. We assume Enable remains subject to information disclosure regulation only. There remains significant uncertainty regarding the impact of fibre regulation on the market and on Enable's future revenue. The valuation below has taken this revenue uncertainty into consideration.

The sensitivity of the 2021 valuation of $700m to relevant factors is summarised as follows:

Movement in	Range	Lower Value	Upper Value
Long run uptake %	+ or – 10.0%	$604m	$796m
Average revenue per user	+ or – 0.5%	$659m	$745m
WACC	+ or – 0.5%	$653m	$752m

The carrying value of property, plant and equipment as at 30 June 2022 approximates fair value, supported by the current business plan and the financial forecast. The performance of the Group remains consistent with the forecast underpinning the 2021 valuation. The 30 June 2022 carrying value is considered appropriate.

All property, plant and equipment is classified as Level 3 within the fair value hierarchy under NZ IFRS 13 – Fair Value Measurement. Assets are classified as Level 3 where one or more significant inputs into the determination of fair value is not based on observable market data. The company had no other Level 1, Level 2 or Level 3 non-financial assets measured at fair value during the year. If UFB network assets were stated at historical cost, the carrying value would be as follows:

UFB network assets	Group 2022 $'000	Group 2021 $'000
Cost	628,754	596,907
Accumulated depreciation	(108,803)	(89,023)
Net book value	**519,951**	**507,884**

Useful lives and residual values of UFB network assets

At balance date, the Group reviews the useful life and residual value of its UFB network assets. Assessing the appropriateness of useful life and residual value estimates of UFB network assets requires the Group to consider a number of factors, such as the physical condition of the assets, expected period of use of the assets by the Group, and expected disposal proceeds from the future sale of the assets.

An incorrect estimate of the useful life or residual value will impact on the depreciation expense recognised in the profit or loss, and the carrying amount of the asset in the statement of financial position. The Group minimises the risk of this estimation uncertainty by:

- investing in high quality, class-leading assets and infrastructure
- physical inspections of assets; and
- asset replacement programmes in line with useful life expectations.

Change in estimate

No changes in estimate were made during the 2022 financial year.

ACCOUNTING POLICY

Property, plant and equipment

Property, plant and equipment asset classes consist of the UFB network assets, being layer 1 (relating to the provision of unlit optical fibre), layer 2 (relating to the provision of communication equipment on the unlit fibre), and Central Offices (buildings which contains layer 2 assets, with fire protection, security and backup generator assets).

UFB network assets, and Central Offices are recognised at fair value based on valuations by external independent valuers, less subsequent depreciation.

Valuations are performed with sufficient regularity to ensure that the fair value of the assets does not vary materially from their carrying value. Any revaluation increase arising on the revaluation of these assets is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense through profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of these assets is charged as an expense through profit and loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are recognised at historical cost less depreciation.

Additions

Additions are recorded at historical cost less depreciation until the next revaluation. The cost of an item is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are recognised through profit or loss. When revalued assets are sold, any revaluation reserve relating to the particular asset is transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of UFB network assets are recognised in the profit or loss as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Layer 1 (Provision of unlit optical fibre)	20 – 50 years
Layer 2 (Network communication equipment)	5 – 12 years
Central Offices	5 – 50 years
Property, plant and equipment	1 – 25 years
Right of use assets	1 – 10 years
Land is not depreciated	

The residual value and useful life of an asset is reviewed, and adjusted, if applicable, annually.

Impairment of non-financial assets

UFB network assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

4 Borrowings

	Note	Group 2022 $'000	Group 2021 $'000
Loans from external parties		1,583	-
Loan from CCHL	22	294,400	294,400
		295,983	**294,400**
Current portion		795	-
Non-current portion		295,188	294,400
		295,983	**294,400**

In May 2022 the Group entered into a secured loan with Cisco Systems Capital to finance UFB network equipment.

The Group has a loan agreement with CCHL. The loan is unsecured and the interest rate is a base rate reflecting CCHL's cost of borrowing plus a 0.2% margin. At 30 June 2022 the weighted average interest rate was 3.75% (2021: 3.7%).

The line of credit under the loan agreement is available to the Group until May 2031 and totals $310m (2021: $310m).

ACCOUNTING POLICY

Borrowings

Debt is initially measured at fair value net of transaction costs and subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Amounts which may be required to be settled within 12 months are presented as current liabilities, and the remainder is presented as non-current liabilities.

PROFIT AND LOSS INFORMATION

5 Operating revenue and other income

(a) Operating revenue

	Note	Group 2022 $'000	Group 2021 $'000
Gross telecommunications revenue	(i)	88,478	79,968
Sale of inventory		3,195	2,138
Other		2,917	2,327
		94,590	**84,433**

(i) Gross telecommunications revenue is required to be disclosed in accordance with the information disclosure requirements under section 83 of the Telecommunications Act 2001. There were no allowable deductions.

(b) Other income

	Note	Group 2022 $'000	Group 2021 $'000
Gains on disposal of property, plant and equipment		10	-
		10	**-**

ACCOUNTING POLICY

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue as it provides services to its customers. Billings are generally made on a monthly basis. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided. Revenue is deferred in respect of the portion of fixed monthly charges that have been billed in advance. Revenue from installations and connections is recognised upon completion of the installation or connection.

Generally, control for inventory is transferred and revenue recognised at the point in time it is delivered to the contractor.

6 Operating expenses

	Note	Group 2022 $'000	Group 2021 $'000
Audit fees	6(a)	178	197
Directors' fees		376	345
Net foreign exchange losses/(gains)		18	3
Losses on disposal of property, plant and equipment		-	251
Employee costs	6(b)	7,647	6,658
Other		16,736	15,843
		25,055	**23,297**

(a) Remuneration of auditors

Audit New Zealand	Note	Group 2022 $'000	Group 2021 $'000
Audit of the financial statements		147	142
Regulatory audit work		22	22
Total		**169**	**164**
Other auditor - KPMG			
Internal audit activities		9	33
		9	33
Total auditor remuneration	6	**178**	**197**

(b) Employee costs

	Note	Group 2022 $'000	Group 2021 $'000
Salaries and wages		14,476	12,154
Less capitalised salaries and wages		(7,163)	(6,375)
Net salaries and wages		**7,313**	**5,779**
Defined contribution plan employer contributions		400	330
Increase/(decrease) in employee entitlements/liabilities		(65)	549
Total employee costs	6	**7,647**	**6,658**

7 Depreciation, amortisation and impairment

	Note	Group 2022 $'000	Group 2021 $'000
Depreciation of non-current assets	3	22, 935	21,323
Amortisation of intangible assets	16	3,839	3,282
Depreciation of right of use assets	19(a)	576	625
		27,350	**25,230**

8 Finance income and costs

Finance income	Note	Group 2022 $'000	Group 2021 $'000
Interest - bank		210	204
		210	**204**
Finance costs			
Interest paid/payable to CCHL	22	11,040	13,259
Interest on external parties loans		1	-
Interest on lease liabilities	19	27	11
		11,068	**13,270**

ACCOUNTING POLICY

Finance income and costs

Finance income

Interest income is recognised using the effective interest method.

Financing costs

Financing costs primarily comprise interest on the Group's borrowings, and are expensed in the period in which they are incurred and reported in finance costs.

9 Income taxes

(a) Components of tax expense

	Group 2022 $'000	Group 2021 $'000
Current income tax charge	8,601	2,393
Adjustments to current tax of prior years	(45)	30
Deferred tax expense	341	4,596
Total income tax expense	**8,897**	**7,019**

(b) Reconciliation of prima facie income tax:

	Group 2022 $'000	Group 2021 $'000
Profit before tax	31,337	22,840
Tax at statutory rate of 28%	8,774	6,395
Under provision of income tax in previous year	123	624
Income tax expense	**8,897**	**7,019**

(c) Current tax asset/(liabilities)tax:

	Group 2022 $'000	Group 2021 $'000
Opening balance	(2,393)	1,716
Tax (liability)/asset for the year	(8,556)	(2,423)
Tax subvention payment/(receipts)	2,348	(1,686)
Closing balance	**(8,601)**	**(2,393)**

(d) Deferred taxation

	30 June 2021				30 June 2022	
Deferred tax liabilities:	Opening balance $'000	Profit/loss $'000	Other comprehensive income $'000	Closing balance $'000	Profit/loss $'000	Closing balance $'000
Property, plant and equipment	49,764	2,976	18,770	71,510	482	71,992
	49,764	**2,976**	**18,770**	**71,510**	**482**	**71,992**
Deferred tax assets:						
Provisions/employee entitlements	201	(18)	-	183	42	225
Doubtful debts and impairment losses	28	(12)	-	16	10	26
Tax losses	2,813	(2,813)	-	-	-	-
Other	-	1,223	-	1,223	89	1,312
	3,042	**(1,620)**	**-**	**1,422**	**141**	**1,563**
Net deferred tax liability	**46,722**	**4,596**	**18,770**	**70,088**	**341**	**70,429**

The Group is a member of the CCC tax group, which comprises CCC, CCHL and a number of other group entities. The Group pays or receives subvention payments to/from other members of the CCC tax group. The amount recognised as a payable for the 2022 tax year is $8.6m (2021: $2.4m), in relation to the tax effect of tax losses transferred. The Group paid a subvention payment to other members of the CCC tax group of $2.3m (2021: received ($1.7m). These payments/(receipts) are treated as if they were payments/(receipts) of income tax and they are reflected as part of the taxation payable/(receivable) amount.

(e) Imputation credits

The amount of imputation credits available for use in subsequent reporting periods by the Group is Nil (2021: Nil).

ACCOUNTING POLICY

Income tax

Income tax expense includes current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised directly in equity, in which case the tax is also recognised directly in equity.

FINANCIAL RISK MANAGEMENT

10 Financial risk management

The Group's activities expose it to a variety of financial instrument risks, including liquidity risk, interest rate risk and credit risk. The Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

(a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Group's primary mechanism for managing liquidity risk is through issuing shares and debt to CCHL.

As described in Note 4, the Group has committed debt funding from CCHL of up to $310m until May 2031.

In meeting its liquidity requirements, the Group maintains a target level of cash which is available within specified timeframes.

Contractual maturity analysis of financial assets and financial liabilities

The following table analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. The contractual undiscounted amounts are equal to the carrying amounts.

In May 2021 the CCHL term loan was extended as per Note 4 to May 2031 which has increased the contractual cashflows as at 30 June 2022.

30 June 2022	Balance sheet $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years+ $'000
Cash, cash equivalents and deposits	11,741	11,911	11,911	-	-	-
Trade and other receivables	2,039	2,039	2,039	-	-	-
Creditors and other payables	(7,824)	(7,827)	(7,827)	-	-	-
Lease liabilities for right of use assets	(4,685)	(5,686)	(670)	(673)	(1,866)	(2,477)
Loans from external parties	(1,583)	(1,602)	(801)	(801)	-	-
Borrowings from CCHL	(294,400)	(404,800)	(11,040)	(11,040)	(33,120)	(349,600)
	(294,712)	**(405,965)**	**(6,388)**	**(12,514)**	**(34,986)**	**(352,077)**

30 June 2021						
Cash, cash equivalents and deposits	12,300	12,300	12,300	-	-	-
Trade and other receivables	1,776	1,776	1,776	-	-	-
Creditors and other payables	(7,928)	(7,928)	(7,928)	-	-	-
Lease liabilities for right of use assets	(4,367)	(5,303)	(115)	(597)	(1,751)	(2,840)
Borrowings from CCHL	(294,400)	(401,910)	(10,751)	(10,751)	(32,253)	(348,155)
	(292,619)	**(401,065)**	**(4,718)**	**(11,348)**	**(34,004)**	**(350,995)**

(b) Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Group's exposure to fair value interest rate risk is with its bank current account balances. Borrowings from CCHL are at floating rates of interest. These are not accounted for at fair value and fluctuations in interest rates do not have an impact on the profit/loss of the Group or the carrying amount of the financial instruments recognised in the statement of financial position.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. At call cash deposits and borrowings at variable interest rates expose the Group to cash flow interest rate risk.

To mitigate interest rate risk, the Group has completed agreements with CCHL whereby CCHL has entered into a series of forward start swaps in respect of its own borrowing to on-lend to the Group. The swaps are in CCHL's name and accounted for by CCHL. The effect of the swaps is to fix the rate for a significant portion of the on-lending that CCHL provides to the Group. However, the remainder of the Group's borrowing from CCHL is at floating rate. As CCHL charges the Group a weighted average interest rate based on its total lending to the Group, including hedging, effectively the whole CCHL loan is at floating rate (albeit moderated by the hedging entered into by CCHL).

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short term fluctuations on its earnings. Over the longer term however, changes in interest rates will affect reported profits.

The following table summarises the impact of a 1% movement in the interest rates, all other variables being held constant.

	Effect on equity Group 2022 $'000	Effect on equity Group 2021 $'000	Effect on profit Group 2022 $'000	Effect on profit Group 2021 $'000
1% increase in interest rates	(2,869)	(2,847)	(2,869)	(2,847)
1% decrease in interest rates	2,869	2,847	2,869	2,847

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Credit risk arises in the Group from exposure to counterparties from trade and other receivables and cash deposits.

The Group invests surplus cash with major registered trading banks and limits exposure to any one institution.

The Group's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents Note 11 and trade and other receivables Note 12. There is no collateral held as security against these financial instruments and no instruments are overdue or impaired. The Group's deposits are currently held with the BNZ, a registered New Zealand bank.

Ageing of receivables

Gross receivables	Note	Group 2022 $'000	Group 2021 $'000
Not past due		1,775	1,522
Past due 0-30 days		196	211
Past due 31-60 days		62	85
Past due more than 60 days		96	15
	12	**2,129**	**1,833**
Impairment			
Not past due		-	-
Past due 0-30 days		-	-
Past due 31-60 days		(6)	(3)
Past due more than 60 days		(87)	(55)
	12	**(93)**	**(58)**
Gross trade receivables		2,129	1,833
Individual impairment		-	-
Collective impairment		(93)	(58)
Trade receivables (net)		**2,036**	**1,775**

The Group maintains a provision for impairment losses when there is objective evidence of its customers being unable to make required payments and makes provision for doubtful debt where debt is more than 90 days overdue. There have been no significant individual impairment amounts recognised as an expense. Trade receivables are net of disputed balances with customers.

OTHER ASSETS AND LIABILITIES

11 Cash and cash equivalents

	Group 2022 $'000	Group 2021 $'000
Cash balances	5,741	6,300
	5,741	**6,300**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for periods of between one day and three months and earn interest at the respective short term deposit rates.

ACCOUNTING POLICY

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

12 Trade and other receivables

Current	Note	Group 2022 $'000	Group 2021 $'000
Trade receivables		2,125	1,817
Related party receivables	22	4	16
	10(c)	**2,129**	**1,833**
Prepayments		433	492
Interest receivable		3	1
		2,565	**2,326**
Provision for impairment - trade receivables	10(c)	(93)	(58)
Total trade debtors, other receivables and prepayments		**2,472**	**2,268**

The carrying value of receivables and prepayments approximates their fair value.

ACCOUNTING POLICY

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical experience, external indicators and forward looking information.

13 Other financial assets

Current	Group 2022 $'000	Group 2021 $'000
Bank deposits with maturities of 4 to 12 months	6,000	6,000
	6,000	**6,000**

14 Inventories

Current	Group 2022 $'000	Group 2021 $'000
Inventory	3,069	1,891
	3,069	**1,891**

Inventory is generally held short term for resale to contractors building the UFB network and connecting premises to it. Certain inventories are subject to security interests created by retention of title clauses.

ACCOUNTING POLICY

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

15 Construction contract work in progress

Current	Group 2022 $'000	Group 2021 $'000
Opening balance	6,355	5,143
Additions	25,492	30,164
Transferred to property, plant and equipment	(31,847)	(28,952)
Total construction contract work in progress	**-**	**6,355**

16 Intangible assets

Gross carrying amount	Goodwill $'000	Software $'000	Work in progress $'000	Total $'000
Cost/valuation at 1 July 2020	**848**	**13,676**	**1,549**	**16,073**
Additions	-	-	2,037	2,037
Transfers	-	2,944	(2,944)	-
Cost/valuation at 30 June 2021	**848**	**16,620**	**642**	**18,110**
Additions	-	-	2,737	2,737
Transfers	-	2,145	(2,145)	-
Cost/valuation at 30 June 2022	**848**	**18,765**	**1,234**	**20,847**
Accumulated depreciation and impairment				
Accumulated balance at 1 July 2020	**-**	**(5,456)**	**-**	**(5,456)**
Amortisation expense	-	(3,282)	-	(3,282)
Accumulated balance at 30 June 2021	**-**	**(8,738)**	**-**	**(8,738)**
Amortisation expense	-	(3,839)	-	(3,839)
Accumulated balance at 30 June 2022	**-**	**(12,577)**	**-**	**(12,577)**
Carrying amount at 30 June 2021	**848**	**7,882**	**642**	**9,372**
Carrying amount at 30 June 2022	**848**	**6,188**	**1,234**	**8,270**

Intangible asset costs are predominantly software-related. The intangible asset work in progress relates primarily to the development of operating support systems and business support systems.

Management have reviewed intangible assets at balance date and concluded that there were no indicators of impairment (2021: nil).

ACCOUNTING POLICY

Intangible assets

Intangible assets comprise costs incurred in purchasing and installing software systems for use by the business. The software is a non-monetary asset without physical substance. The costs relating to the project can be reliably measured from invoices and allocation of internal costs. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis at a rate of 20-40% over their estimated useful lives, from when the asset is available for use. They are reviewed at each reporting date to determine whether there is any indication of impairment.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

17 Creditors and other liabilities

	Note	Group 2022 $'000	Group 2021 $'000
Trade payables and accrued expenses		7,495	7,188
GST payable		668	445
Income in advance		1,104	792
Interest payable to CCHL	22	329	295
		9,596	**8,720**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

ACCOUNTING POLICY

Creditors and other liabilities, employee entitlements and GST

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Employee entitlements that the Group expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

A liability and an expense are recognised for bonuses where there is a contractual obligation.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

18 Employee entitlements

Current	Group 2022 $'000	Group 2021 $'000
Accrued pay	378	319
Annual leave	729	627
Employee incentives	446	672
	1,553	**1,618**

19 Leases

	Group 2022 $'000	Group 2021 $'000
Opening balance	4,367	463
Additions	461	4,469
Repayment of lease liabilities	(143)	(565)
Closing balance	**4,685**	**4,367**
Current portion	468	95
Non-current portion	4,217	4,272
	4,685	**4,367**

(a) Right of use assets

Gross carrying amount	Buildings $'000	Plant and equipment $'000	Total $'000
Cost/valuation at 30 June 2021	**4,247**	**128**	**4,375**
Additions	294	172	466
Disposals	-	(37)	(37)
Cost/valuation at 30 June 2022	**4,541**	**263**	**4,804**
Accumulated depreciation and impairment			
Accumulated balance at 30 June 2021	**(106)**	**(10)**	**(116)**
Depreciation on right of use asset	(461)	(115)	(576)
Disposals	-	32	32
Accumulated balance at 30 June 2022	**(567)**	**(93)**	**(660)**
Carrying amount at 30 June 2021	**4,141**	**118**	**4,259**
Carrying amount at 30 June 2022	**3,974**	**170**	**4,144**

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 4.53% (2021: 4.53%).

ACCOUNTING POLICY

Leases

Leases comprise:

- Buildings with arms length third parties on normal commercial terms.
- Vehicles and equipment with arms length third parties on normal commercial terms.

Property leases are often negotiated with rights of renewal in order that we have flexibility in location and size of premises to cater for future growth; whilst ensuring certainty of future tenure. As we approach rights of extension time frames we review the likelihood of renewing the lease to ascertain should the future renewal be included in the NZ IFRS 16 calculation going forward.

20 Deferred revenue

	Group 2022 $'000	Group 2021 $'000
Current portion	62	61
Non-current portion	164	274
	226	**335**

Deferred revenue arises from Indefeasible Right to Use (IRUs) sold to retail service providers. This revenue is amortised over the life of the IRUs.

ACCOUNTING POLICY

Deferred revenue

Where the Group receives payment in advance for network access (an indefeasible right of use), the revenue is deferred and recognised on a straight line basis over the period of access. The deferred revenue is recognised as a liability in the statement of financial position.

OTHER DISCLOSURES

21 Share capital

	Ordinary shares $'000	Redeemable preference shares $'000	Total shares $'000
Balance at 30 June 2021	**67,500**	**159,793**	**227,293**
Balance at 30 June 2022	**67,500**	**159,793**	**227,293**

ESL has 67,500,000 fully paid shares to CCHL, carrying one vote per share and the rights to dividends. ESL has 159,793,465 fully paid redeemable preference shares, paid to $1 to CCHL. The redeemable preference shares have the same dividend entitlement rights on a per share basis, as holders of the ordinary shares and no voting rights. ESL may elect at any time to redeem all or part of the redeemable preference shares.

During the year there were no costs associated with share issues (2021: Nil).

Capital management

The Group's capital is its equity, which comprises retained earnings and share capital. Equity is represented by net assets.

The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the Group effectively achieves its objectives and purpose, whilst remaining a going concern.

ACCOUNTING POLICY

Equity instruments

An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting the Group's liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

ACCOUNTING POLICY

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

22 Related party disclosures

Identification of related parties

The Group is 100% owned by CCHL. CCHL is 100% owned by CCC. ENL is a 100%-owned subsidiary of ESL.

Related parties of the Group comprise CCHL, other members of the CCC Group, CCHL and CCC key management personnel, and the key management personnel of the Group.

During the period, no transactions were entered into by the Group with any of its Directors other than the payment of Directors' fees and the reimbursement of valid Group-related expenses.

Payments made by the Group to its key management personnel including Directors were as follows.

Key management personnel compensation	Group 2022 $'000	Group 2021 $'000
Short term employee benefits (inc. salaries and Directors' fees)	3,049	3,413
KiwiSaver employer contributions	84	73
Termination benefit	72	-
Total	**3,205**	**3,486**

Key management personnel comprise the Directors and the members of the executive team.

CCHL is a party to the UFB contract documents signed with CIP on 31 May 2011 under which it undertakes some of the obligations of ESL, and has provided a performance bond of $15m as at 30 June 2022 (2021: $15m).

Balances and transactions between the ESL and its subsidiary, which are related parties have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Significant transactions and balances with related entities

Transactions during year	Note	Group 2022 $'000	Group 2021 $'000
Interest paid to CCHL	(i)	11,040	12,924
Purchases from CCHL		14	14
Subvention (payments)/receipts with CCC tax group	(ii)	(2,348)	1,686
Sales to CCC		98	234
Sales to City Care Ltd		43	5
Purchases from Crown, CCC and controlled entities		2,135	2,051
Purchases from City Care Ltd for services		109	140
Purchases from Connectics Ltd for services		24	-
Purchases from Mark Petrie for services		85	-
Purchases from Orion Ltd for services		9	-
Purchases from Venues Otautahi Ltd for services		11	-
Balances at end of year			
Loan balance due to CCHL	(iii)	294,400	294,400
Interest payable to CCHL	(iv)	329	295
Accounts payable to CCC		3	1
Accounts payable to City Care Ltd		-	21
Accounts payable to Venues Otautahi Ltd		11	-
Accounts receivable from CCC		4	16
Accounts receivable from City Care Ltd		19	-

(i) Interest is charged on the CCHL loan at CCHL's weighted average cost of borrowing, plus a fixed margin of 0.2%.

(ii) The Group is a member of the CCC tax group, which comprises CCC, CCHL and a number of subsidiaries of each entity. In exchange for the use of its tax losses, the Group pays or receives a subvention from other CCC tax group entities. In 2022 a subvention payment of $2.3m was made to CCC, as the Group losses that had been carried forward have now been fully utilised.

(iii) The Group borrows from CCHL under a loan agreement to fund its operations. The loan balance due to CCHL at balance date is outlined in Note 4.

(iv) Interest is payable to CCHL on a quarterly basis, and the balance accrued at balance date is included in trade creditors.

Other related party disclosures

The Group enters into various transactions with Government departments, Crown entities, state-owned enterprises, CCC and related council organisations. These transactions occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted if dealing with those entities at arms-length in the same circumstances. These have not been disclosed as related party transactions

In conducting its activities, the Group is required to pay various taxes and levies (such as income tax, GST, PAYE, ACC levies, and rates) to the Crown and CCC. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers.

23 Reconciliation of profit to net cash operating flows

	Note	Group 2022 $'000	Group 2021 $'000
Profit for the year		22,440	15,821
Add/(less) non-cash items			
Depreciation, amortisation and impairment expense	3, 16	27,350	25,230
Deferred tax charged to income	9(d)	341	4,596
Net foreign exchange losses		18	3
		27,709	**29,829**
Add/(less) items classified as investing or financing activities			
(Gain)/loss on disposal of non-current assets		(10)	251
Other		(36)	4
		(46)	**255**
Add/(less) movement in working capital items			
Trade and other receivables, prepayments - current		(203)	(343)
Inventories and work in progress - current		(805)	(124)
Creditors and other payables		767	(715)
Employee entitlements - current		(65)	549
Income tax		6,208	4,109
		5,902	**3,476**
Net cash flows from operating activities		**56,005**	**49,381**

24 Classification of assets and liabilities

Financial assets measured at amortised cost	Group 2022 $'000	Group 2021 $'000
Cash and cash equivalents	5,741	6,300
Trade and other receivables	2,039	1,776
Bank deposits with maturities of 4 to 12 months	6,000	6,000
	13,780	**14,076**
Financial liabilities measured at amortised cost		
Creditors and other payables	7,824	7,483
Lease liabilities for right of use assets	4,685	4,367
Borrowings	295,983	294,400
	308,492	**306,250**

25 Statement of service performance

The Statement of Intent (SoI) issued by ESL last year in respect of the 2022 financial year included both financial and non-financial performance measures. The following table compares ESL's actual results for the year ended 30 June 2022 with the targets contained within the SoI.

Financial performance targets	Unit	Group 2022	Group 2021
Gross telecommunications revenue	$'000	88,478	90,200
Net profit after tax (NPAT)	$'000	22,440	21,600
Total assets	$'000	750,923	688,500
Debt	$'000	295,983	294,400
Equity	$'000	359,850	310,000
Shareholder's funds to total assets	%	47.9	45
Shareholder return target			
Dividends	$m	20	20
Operational performance targets			
Number of connections (cumulative)	No.	143,331	144,100
Operational service level agreement achievement	%	93	95
Total network availability	%	99.99	99.97

Further explanation of our actual SoI results, including explanations of variances to target, for the year ended 30 June 2022 are as follows.

Financial performance targets

Gross telecommunications revenue represents all sales to retail service providers with the negative variance resulting from lower connections than target, with the COVID-19 level 4 and level 3 lockdown during August/September 2021 limiting activity in the field that was never recovered from and the Omicron variant severely impacting on the field workforce in March to May 2022. Tight cost control ensured that the Group exceeded the Net profit after tax target, ensuring the dividend of $20m was paid.

Operational performance targets

We connected 11,053 new customers resulting in connections (cumulative) total being 0.5% below target–again this was a result the impact of COVID-19. Operational service levels performance was also effected by Omicron variant impact on meeting install appointments over March to May 2022. The availability of the Network is a testament to the dedication of the staff, the close management of our connection field force and core network availability resulting from careful management of our network assets.

Health and Safety performance targets

Enable has continued its focus on achieving the highest standards of health and safety performance. A new Health, Safety and Wellness Manager was appointed during the year and has worked closely with our contractors to ensure practices are up to date and there is an on-going focus on reducing incidents and to achieve zero serious harm injuries. We have continued to apply the three C's (Consult, Co-ordinate & Cooperate) with our contractors as a requirement of the Health and Safety at Work Act 2015, and our contractors have also had concerted focus in this area, leading to more positive results.

We finished the year with 5 Total Recordable Incidents, a 50% reduction year on year and the lowest total since 2019, against our target of <=3.0, and with no serious injury harm injuries in line with the target of nil.

Target	Status
Sustainability	
1 Climate Change: Reduce scope 1,2 and scope 3 (excluding staff commute) emissions by 17% (against audited FY20 base year) to 581 tonnes of carbon dioxide equivalent.	In progress

We are on a journey to accurately and completely measure our greenhouse gas (GHG) emissions footprint. The emission sources we currently measure are shown in the graph overleaf.

In FY22 we have better information to estimate contractor fuel, which is a major source of our total scope 3 emissions. To allow comparability, and to enable us to report progress more accurately in the future, our FY20 base year has been recalculated and verified to reflect a more complete estimation of contractor fuel used in that year. We have also carried forward the restatement made last year to reflect improved measurement of base year emissions for refrigerants and contractor waste. This brings total measured emissions in our base year to 1,197 tCO2e (from previously verified 696 tCO2e).

In FY22 we have also added new scope 3 emissions sources to our inventory – freight, staff commute, and remote working. We have not restated our FY20 base year or FY22 target for these sources as we cannot accurately estimate what the FY20 emissions may have been. However, in FY22 these sources represent 113 tCO2e, which is 12% of the total for the year.

Comparing emissions on a like-for-like basis[1], we have made good progress by reducing our emissions from 1,197 tCO2e to 864 tCO2e which is a 28% reduction in scope 1, 2 and 3 emissions from our restated FY20 base year. The main reasons for this reduction are: the 42% decrease in new contractor installations which decreased contractor fuel emissions; 70% of our fleet being converted to electric or hybrid vehicles and the overall reduction in fleet size; moving our head office to a Greenstar 4 building in FY21 which has reduced head office electricity consumption; the impact covid 19 has had on our business travel, reducing our air travel, taxi and accommodation emissions.

In the future we will look to capture wider scope 3 emissions, for example emissions from our capital and purchased goods, and the emissions from energy consumed by customer premise equipment including end of life disposal. These emissions are not currently included and would be significant.

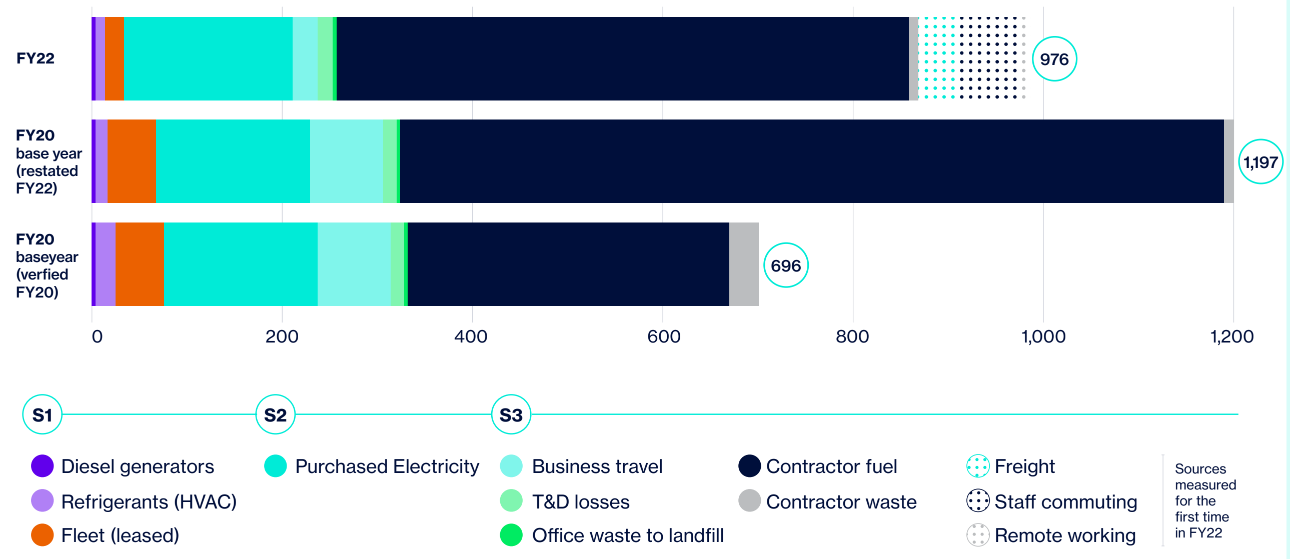
We have adopted a reduction plan for our scope 1 and 2 emissions. This plan includes a target to reduce our scope 1 and 2 emissions by 62% by 2030 from our FY20 base year.

There is some level of uncertainty associated with preparing a GHG emissions inventory. To minimise this uncertainty, all scope 1 and 2, and wherever possible scope 3 source data has been obtained directly from suppliers. In some instances, scope 3 emissions have been based on survey data (e.g. staff commute and remote working). In the case of the restated contractor fuel emissions for FY20, this has been extrapolated using average data across different years and contractors. As a result, the uncertainty is higher in the base year emissions than in FY22.

We have calculated our emissions based on the most up to date emissions factors available from the Ministry for the Environment (MfE) and supplier sources at the time our inventory was produced and independently verified. Subsequent to this, MfE has updated a small number of emissions factors. We have assessed the impact of the changes as not material to our overall reported performance and have not recalculated our result using the updated factors.

[1] Excluding the sources measured for the first time in FY22

Enable's total measured GHG emissions FY20 and FY22 (tCO2e)



Notes:
1. The operational control approach was used to determine the boundaries of our carbon footprint.
2. Our GHG emissions inventory was prepared in accordance with the ISO 14064-1-2018 standard.
3. Our FY22 GHG emissions inventory was independently verified by McHugh and Shaw. A reasonable level of assurance has been given for Scope 1 and 2 (ISO category 1 and 2) emissions and limited assurance for Scope 3 (ISO Cat 3-6) emissions.

2	Create a model for measuring the environmental impact of Enable's network (and operations) that can be utilised by consumers to make sustainable connectivity decisions	Model established. Fibre found to be the best option for consumers with the lowest emissions, confirming fibre as the greenest broadband technology Sapare "Assessing the emissions footprint of the fibre networks relative to other fixed broadband options in New Zealand" research, November 2021.

Resource use

1	Reduce overall consumption by an average of 25% from FY20	Ongoing

We have achieved an 82% average reduction in spend compared to FY20 relating to stationery, paper consumption and consumables that we use. We continue to focus on efficient use of resources and minimise waste where possible. We have reduced access to printers and implemented release controls to ensure printing is reduced. We also closely monitor recycling, green waste and general rubbish to ensure compliance with disposal in the correct receptacles and monitor volume to ensure on-going reduction disciplines.

2	Benchmark established by 31 December 2021, and reduction targets in place for the second half of the year	Benchmark for FY22 has been established and targets set to reduce waste below the benchmark
3	Establish circular economy principle(s) and criteria for Enable that will be used in the operations of Enable	Timing delayed

Resource use - network operations consumption and waste.

	Target	Status
	Establish a plan for measuring, managing, and reducing operational network waste in partnership with our contractors and vendors	Achieved - benchmarks set and reduction targets included in contractor's KPIs

Employee outcomes – living wage and employee engagement

1	Living wage provided to 100% of Enable's (direct) employees	Achieved
2	Plan established for direct contractors to pay living wage	In progress
3	Improve Culture and Leadership employee net promoter score (eNPS) – measures to be developed	Implemented Office Vibe to provide new benchmark for eNPS

Diversity and inclusion

1	Increase females in leadership from 25% to over 33%	In progress – 28%
2	Ensure all Enable people (roles) are equally remunerated based on experience, expertise, and performance, noting role equality already achieved	Achieved
3	Relationship established with mana whenua and first partnership initiatives completed by 31 December 2021	In progress

A further 40% of our people have attended the Tuahiwi Cultural Workshop over the last 12 months. There are further sessions booked this year, with members of our board attending the workshops where possible. Enable are also represented on the He Huanaui Rōpū – this is the CCHL subsidiary led program building a CCHL-wide Cultural Competency Program. A CCHL wide marae visit has been organised to provide further cultural education opportunities for those interested.

Community partnerships

1	Maintain our Major Sponsorship with the Canterbury Employers' Chamber of Commerce	Achieved
2	Maintain our Future Leaders in Technology sponsorship	Achieved
3	Deliver on 10 to 12 small sponsorship initiatives that directly positively impact our community	Achieved – 11 sponsorships

Generating greater community value target

1	Digital Equity - 2,000 Ōtautahi Community Housing Trust (ŌCHT) residents' units built to and >1,000 residents benefitting from access to the internet	On-going - we continue to work with ŌCHT to develop a broadband solution for their community housing tenants
2	The first ~25 free Wi-Fi hotspots deployed and operating in the city	Complete

The Christchurch Free Wi-Fi service - a key initiative to support our community - was launched in the central city in June 2022. It is a world-class, fibre-based, free Wi-Fi service, powered by Enable and delivered in conjunction with Christchurch City Council.

UNRECOGNISED ITEMS

26 | Capital commitments

Under the terms of the UFB contract, the Group is required to build Communal Infrastructure and Central Offices, and to connect the network to relevant premises when an end user requests this from a retail service provider. The Group has a capital commitment of $1.1m for layer 2 equipment, to be upgraded in FY23.

27 | Contingent liabilities

The Group is currently involved in a dispute with one of its contractors.

The Group had no other material contingent liabilities as at 30 June 2022 (2021: $nil).

28 | Impact of COVID-19

COVID-19 had minimal financial impact on the group during the year ended 30 June 2022, similar to the previous year.

The Canterbury region was affected by a three week level 4 and 3 lockdown during August / September 2021 due to the presence of the Delta variant. During this time staff health and safety was paramount with most staff working from home again and business activity predominantly restricted to restoring essential services to support our community, other Lifeline Utilities, and essential service businesses. The impact of the Omicron variant on the field force in March/ April 2022 severely constrained our ability to connect customers over this period.

29 | Events after the balance sheet date

There were no significant events after the balance date requiring disclosure or adjustment in these financial statements.

Governance and related information

Governance

Corporate governance framework

Enable's Board and management are committed to ensuring that our people act ethically, with integrity and in accordance with Enable's policies and values.

Enable (which for the purposes of this governance statement, comprises ESL and ENL) is ultimately owned by CCC, and its corporate governance practices and policies reflect the wider public accountability that this ownership structure entails. The contractual arrangements with CIP regarding the construction of the UFB network also have a major influence on Enable's policies and practices.

The Board regularly reviews and assesses Enable's policies, processes and practices to ensure they reflect Enable's operations and culture, and to identify opportunities for improvement.

Board role and responsibilities

The Board is appointed by 100% shareholder CCHL, and is responsible for Enable's strategy, culture, governance and performance.

The Board effectively represents, and promotes the interests of the shareholders with a view to adding long-term value to the company's shares. The Board has all the powers necessary for managing, and for directing and supervising the management of the business and affairs of the Group. Having regard to its role, the Board directs and overviews the business and affairs of the Group, including in particular:

- ensuring that Enable's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening the performance of Enable, to ensure enhancement of shareholder value;
- deciding on whatever steps are necessary to protect Enable's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring the financial statements present fairly Enable's financial position and financial performance and otherwise conform with law;
- ensuring that Enable adheres to high standards of ethics and corporate behaviour;
- ensuring that Enable has appropriate risk management/ regulatory compliance policies in place;
- approving and implementing the business plan and Statement of Intent; and
- reviewing and approving capital investments and distributions.

The Board monitors economic, political, social and legal issues and other relevant external matters that may influence or affect the development of the business or the interests of the shareholder and, if thought appropriate, will take outside expert advice on these matters.

Board relationship with shareholder

The Board uses its best endeavours to familiarise itself with issues of concern to the shareholder. The Board aims to ensure that CCHL is informed of all major developments affecting Enable's state of affairs. Information is communicated to CCHL through periodic reports and briefings, and through both the annual report and the half yearly report.

Conduct of Directors

The conduct of Directors is required to be consistent with their duties and responsibilities to Enable and, indirectly, to the shareholder. In carrying out their roles the Board places emphasis on strategic issues and policy.

Directors are expected to keep themselves abreast of changes and trends in the business and in Enable's environment and markets. Directors use their best endeavours to attend board meetings and to prepare thoroughly and are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board table.

A Director may, with the Chair's prior approval, take independent professional advice (including legal advice) and request the attendance of such an advisor at a Board or Board Committee meeting.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to management. Directors are expected to strictly observe the provisions of the Companies Act 1993 applicable to the use and confidentiality of company information.

Board Chair

The Chair is responsible for representing the Board to the shareholder, and for ensuring the integrity and effectiveness of the governance process of the Board.

The Chair is responsible for maintaining regular dialogue with the Chief Executive Officer over all operational matters and consults with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chair acts as facilitator at meetings of the Board to ensure that discussion results in logical and understandable outcomes. The Chair leads a Board and Director evaluation exercise from time to time.

Remuneration and performance

Enable's remuneration model is based on principles of alignment to shareholder value, simplicity, clarity and fairness, and remuneration outcomes based on both individual and company performance.

Directors' remuneration

Total remuneration paid to Directors for the year ended 30 June 2022 was determined by the shareholder, and was allocated as follows.

Justin Murray	$92,040
Craig Elliot	$52,548
Geoff Lawrie	$45,624
Kathy Meads	$58,045
Mark Petrie	$55,296
Scott Weenink	$55,295
Mark Bowman (retired)	$17,516
	$376,364

The Group appointed Mark Petrie to perform the duties of an executive director, his remuneration for the period 19 July 2021 to 18 September 2021 was $84,616.

Chief Executive Officer's remuneration

The Chief Executive Officer's (CEO) remuneration paid consists of fixed and variable remuneration. The CEO's package is reviewed annually by the Health, Safety, Wellbeing and People Committee and the Board after reviewing the CEO's and Enable's performance, taking advice from external remuneration specialists. Johnathan Eele's remuneration as CEO for the period 30 August 2021 to 30 June 2022 was $469,317. Steve Fuller's remuneration as CEO for the period 1 July 2021 to 30 July 2021 was $396,642. This includes a bonus payment of $264,728 which relates to period 1 July 2021 to 30 June 2022.

Employee remuneration range

The following table shows the number of employees and former employees who, in their capacity as such, received remuneration and other benefits (excluding Kiwi Saver contributions) in excess of $100,000 during the year ended 30 June 2022:

$	2022
100,000 - 109,999	4
110,000 - 119,999	8
120,000 - 129,999	7
130,000 - 139,999	6
140,000 - 149,999	3
150,000 - 159,999	2
160,000 - 169,999	3
170,000 - 179,999	2
180,000 - 189,999	1
190,000 - 199,999	2
220,000 - 229,999	1
230,000 - 239,999	1
260,000 - 269,999	1
300,000 - 309,999	1
350,000 - 359,999	1
380,000 - 389,999	1
390,000 - 399,999	1
400,000 - 409,999	1
460,000 - 469,999	1

The Company's average remuneration for top and bottom 10% of employees as at 30 June

	Group 2022	Group 2021
Total number of employees	123	119
Average remuneration for the top 10%	$295,968	$283,951
Average remuneration for the bottom 10%	$49,330	$46,367

Note: Calculated based on full time equivalent total remuneration.

Other disclosures

Directors' interests

ESL maintains an interests register in which particulars of certain transactions and matters involving the Directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2022.

Director	Position	Directors' Interests
Justin Murray Chair	Director	Enable Networks Limited, Christ Church Cathedral Reinstatement Limited
	Director and Shareholder	FDJ Murray & Company Holdings Limited, Murray Capital Limited, Murray Partners Limited, Murray & Company Limited
	Trustee	Murray Family Trust
Craig Elliott	Director	Enable Networks Limited, ezyVet Software
	Council Member	Yosemite Conservation Council
	Trustee	Elliott Family Trust
Geoff Lawrie	Director	Enable Networks Limited, Plan B Limited, WEL Networks Limited
	Director and Shareholder	Auror Limited
	Chair of Advisory Board	Younity Limited
Kathy Meads	Director	Enable Networks Limited, Magic Memories Group Holdings Limited, NZPM Group Limited, Shipowners' Mutual Protection and Indemnity Association (Luxembourg), Port Taranaki Limited
	Director and Shareholder	Kathy Meads Limited
	Trustee	Christchurch Symphony Orchestra Trust
Mark Petrie	Director	Enable Networks Limited, DARC Energy Limited, DARC Technologies Limited
	Director and Shareholder	CommArc Consulting Limited, De Novo Partners Limited, CHM Limited (corporate trustee of the Petrie Investment Trust), Mark Petrie Investments Limited, Nexbe Limited
	Trustee	Mark and Kelly Petrie Family Trust, Mark Petrie Family Trust, Petrie Investment Trust
Scott Weenink	Director	Enable Networks Limited, Asset Finance Limited, Cricket Players Property Trustee Limited, Escalate Advisory Limited, Escalate Investments Limited, Generate Funds Limited, Generate Investment Holdings Limited, Generate Investment Management Limited, New Zealand Cricket Players Association, Xceda Capital Group Limited

Attendances of ESL Board and Committee meetings during the 2022 financial year

	ARC	HSW&P	FTP	Board
Total number of meetings	**4**	**3**	**3**	**7**
Justin Murray	4	3	3	7
Craig Elliott			3	7
Geoff Lawrie	4			7
Kathy Meads	4			7
Mark Petrie			3	7
Scott Weenink		3		7

ARC Audit and Risk Committee
HSW&P Health, Safety, Wellbeing and People Committee
FTP Future Technology and Products Committee

Insurance

The Group has effected Directors' and Officers' Liability insurance. The Group indemnifies the Directors against costs and liabilities incurred by Directors for acts or omissions made in their capacity as Directors to the extent permitted by the Group's Constitution and the Companies Act 1993.

Donations

Donations were made to the Christchurch City Mission, Key to Life Charitable Trust and Movember Foundation New Zealand of $1,500 in total.

Dividends

The Group paid a dividend of $20m during the year.

Principal activities

The principal activity of the Group is the supply of communication infrastructure and services in Christchurch.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Enable Services Limited's Group financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Enable Services Limited and its controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 42 to 69, and 74 that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 70 to 73.

In our opinion:

- the financial statements of the Group on pages 42 to 69, and 74:
  - present fairly, in all material respects:
- its financial position as at 30 June 2022; and
- its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.
- the performance information of the Group on pages 70 to 73 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2022.

Our audit was completed on 28 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Group has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Note 25 Statement of service performance on page 71 of the financial statements, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 41, 75 to 79, 84 to 85 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we were engaged to perform assurance engagements for the 2022 disclosure year pursuant to the Local Fibre Company Information Disclosure Determination 2018, and information disclosure requirements of section 83 of the Telecommunications Act 2001. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the Group.

Chantelle Gernetzky
Audit New Zealand

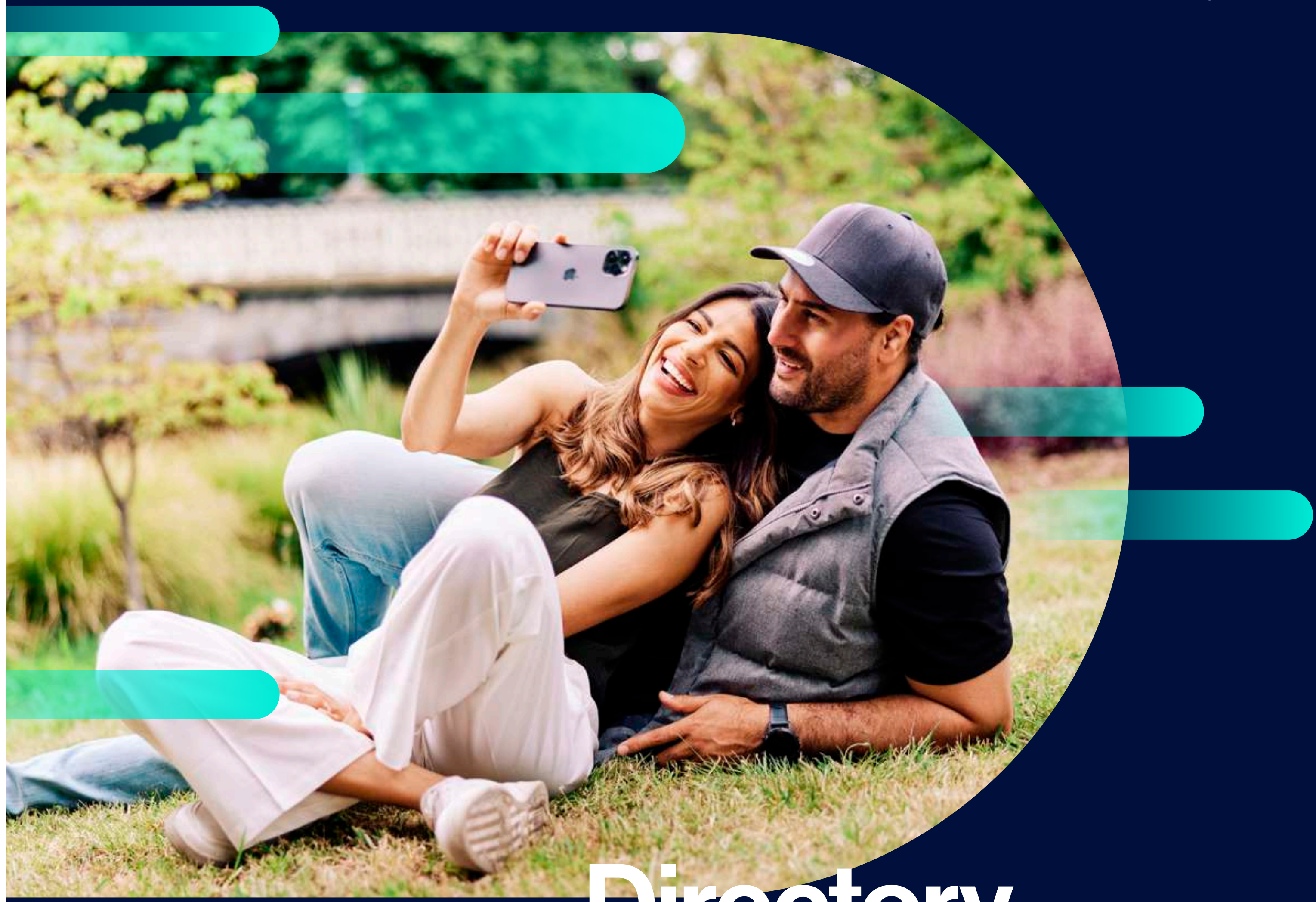
On behalf of the Auditor-General
Christchurch, New Zealand

Glossary

Parties involved	
ENL	Enable Networks Limited (previously jointly-owned by CIP and ESL – since 29 June 2016, wholly owned by ESL)
ESL	Enable Services Limited (previously Christchurch City Networks Limited)
CIP	Crown Infrastructure Partners Limited – the Crown entity that negotiated and administers the UFB contract
CCHL	Christchurch City Holdings Limited – the 100% owner of ESL
CCC	Christchurch City Council – the 100% owner of CCHL

Physical network	
UFB Network	Ultra-Fast Broadband network, as contracted between CIP, ENL, ESL and CCHL
Network layer 1	Passive fibre optic network infrastructure - the physical fibre network assets which are essentially the unlit pipeline or pathway that the electronics use to transmit, otherwise known as dark fibre. These assets include ducting and optical fibre
Network layer 2	The electronics necessary to light the optical fibre or the means by which communication occurs down the layer 1 pathway. These assets are located in ENL central offices, points of interconnect and in the premises of end users
Central Office	Point of interconnect facility - building which contains layer 2 assets, with fire protection, security and backup generator assets
Communal Infrastructure	Fibre optic cables running down every street, to the boundary of premises

Contractual/financial	
Re-organisation	The series of transactions that took place on 29 June 2016, which resulted in ESL acquiring full ownership of ENL
CPPP	Cost per Premise passed for Communal Infrastructure
CPPC	Cost per Premises Connected to Communal Infrastructure
IRU	Indefeasible Right to Use
UAT	User Acceptance Testing
A shares	A shares in the capital of ENL having the rights and restrictions set out in the ENL Constitution; in particular, they carry voting but not dividend rights
B shares	B shares in the capital of ENL having the rights and restrictions set out in the ENL Constitution; in particular, they carry rights to dividends but not voting rights
Concession period	The period commencing on the date ENL was incorporated and ending on the tenth anniversary of the date of ENL's incorporation (31 May 2021)



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Shareholder	Christchurch City Holdings Limited
Auditor	The Auditor-General is the auditor pursuant to section 14 of the Public Audit Act 2001. Chantelle Gernetzky of Audit New Zealand was appointed to perform the audit on behalf of the Auditor-General.
Solicitor	Simpson Grierson
Banker	BNZ

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