enable
fibre broadband

Enable Services Limited Annual Report 2024

Contents

Connecting our community

Enable continues to expand our network, reaching new communities and enhancing our infrastructure to connect even more homes and businesses across the Greater Christchurch region.

Enable's fibre network now reaches over 218,000 properties, with connections established to more than 157,000 homes and businesses. Our expansion strategy has included significant development in greenfield subdivisions, extending our network to previously underserved existing properties in Selwyn and Waimakariri, and increasing densification in urban areas with infill housing and multi-dwelling units. Over the past 12 months, Enable has extended its network by 138 kilometres and added 8,500 properties to the coverage area.

Throughout this expansion, our focus remains on our customers. By continuously improving our network deployment and connection processes, we have been able to maintain high standards of service and achieve a customer satisfaction score of 75% across FY24. Collaboration with our field services contractor has been key in identifying and implementing efficiency and service improvements.

Despite challenging market conditions and the growth of other technologies, fibre has maintained its position as the leading choice for reliable and high-speed internet connectivity. Its resilience and adaptability have ensured consistent growth and widespread adoption, making it the preferred solution for incoming residents and commercial users.

Although the standard time to connect was longer during some periods of the year, it was significantly shorter than industry expectations throughout the last quarter. As we support developers with proactive installation options, connection times for customers moving into new properties have reduced. By providing proactive installs, what may have otherwise been complex installations are now simple connections.

2024

Our annual review

Chair and CEO introduction

FY24 has been a year of strong results and significant achievements for our business. We delivered a net profit after tax of $34.4 million and provided $20 million of dividends to Christchurch City Holdings Limited (the commercial arm of Christchurch City Council), all while successfully navigating a challenging industry landscape.

Enable has successfully grown the number of homes and businesses connected to fibre broadband in Greater Christchurch. We have extended our network into new communities and driven uptake within our existing coverage areas, ensuring more people can benefit from reliable, high-speed internet. Despite increasing market competition, we have continued growth in connections, with fibre remaining the top choice for broadband connectivity.

Recognising the importance of high-quality broadband internet in today's digitally advanced society, we remain committed to extending our fibre network beyond the original ultra-fast broadband coverage area. This year, we have expanded in the Waimakariri and the Selwyn districts, with our fibre network set to reach over 1,000 additional properties in these areas, significantly enhancing their digital connectivity. In partnership with the Crown, we continue to identify opportunities to further expand our network and improve connectivity for existing properties.

Additionally, we have focused on building strong partnerships with developers, positioning ourselves and fibre broadband as the preferred choice for connectivity in new subdivisions and multi-dwelling unit developments. This approach allows us to deliver high-quality fibre broadband to more communities, while ensuring an easy connection for new residents.

Operational efficiency continues to be a priority for us, and this year we intensified our efforts to enhance our business processes. Through collaboration with our field services contractor, we identified opportunities to innovate and improve workflows, maintaining a relentless focus on the customer experience. By leveraging cross-functional teams and refining processes, we have enhanced service delivery while reducing operational costs. As we continue to innovate, we look forward to achieving even greater efficiencies and delivering enhanced value to our customers and stakeholders.

FY24 was a year of milestone achievements in our technology and network infrastructure investment programme. With the first key milestone of the multi-year programme achieved, we have successfully implemented new Layer 2 network equipment and an advanced Operational Support System. These upgrades are set to redefine our infrastructure, ensuring it is resilient and prepared for the demands of future generations.

This year has brought significant change to our business, from implementing new technology to refining our processes and ways of working. Our people have been the driving force behind these transformations, and we are immensely proud of their dedication. While we highly value our investments in network and technology, our investment in our people remains our top priority. We have placed significant focus on health, safety and wellbeing requirements, with a refresh of the Health and Safety Management System and on-going work around the risk of psychosocial harm. We have dedicated significant resources to change management for key projects, supporting our team through these transitions, which has positively influenced our employee engagement scores this year.

With 17 years of growth and having made fibre broadband available to more than 200,000 homes, businesses and schools across our community, we understand the importance of sustainable business practices to protect the place we call home. This year, we submitted our initial Climate-related Disclosures to CCHL. This work helps us understand both our environmental impact and the potential effects of climate change on our business. In FY24, we are proud to report a 26% reduction in our emissions compared to the FY20 restated base. While we still have a long way to go to achieve our goal of being a net-zero business by 2030, we believe businesses have a responsibility to lead the way in creating positive change, and we are committed to helping shape a more sustainable and prosperous Christchurch City.

Justin Murray,
Chair

Johnathan Eele,
Chief Executive

Financial performance

Million
Total assets
$862.4

Million
Dividend
$20.0

Million
Net profit after tax
$34.4

Million
Telecommunications revenue (gross)
$112.7

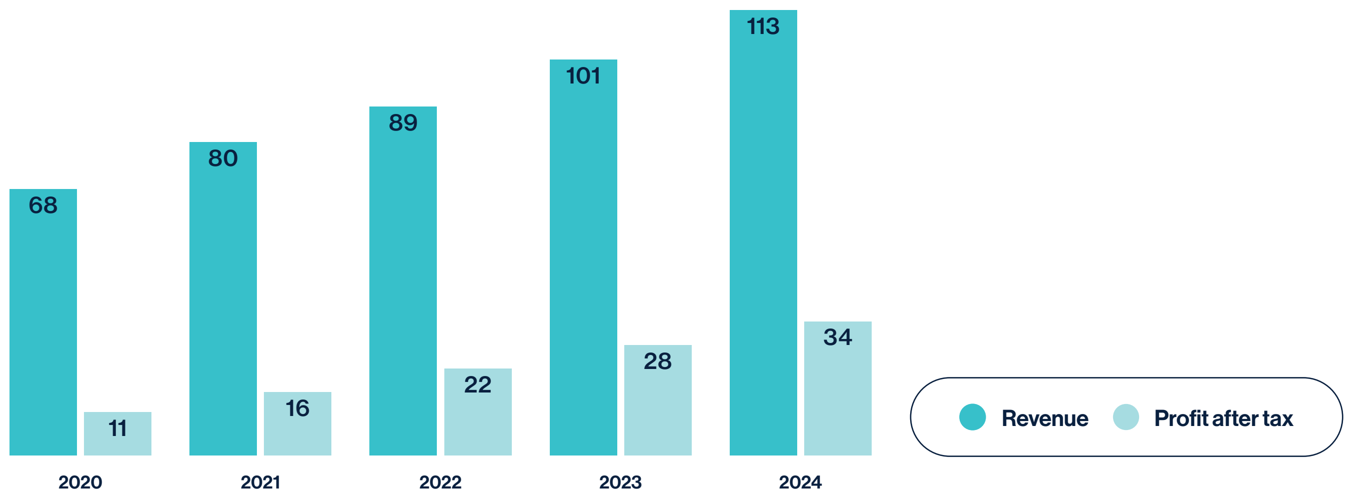
Enable is proud to report another strong financial result in FY24, with an increase of 12% in gross telecommunications revenue to $112.7 million, and a 22% increase in net profit after tax to $34.4 million.

In the 2024 financial year, Enable paid $20 million of dividends to Christchurch City Holdings Limited (the commercial arm of Christchurch City Council), meeting the return target in the 2024 Statement of Intent (SOI) and upholding our commitment to a sustainable dividend payment programme.

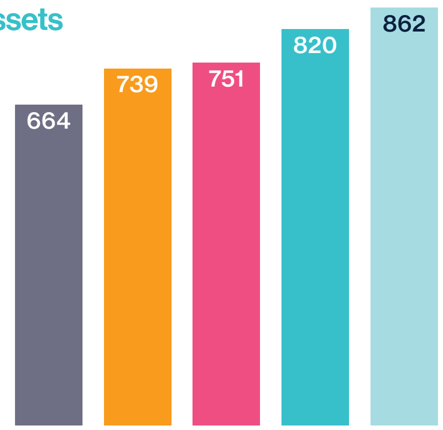
Our net profit after tax reached $34.4 million, reflecting a 22% increase over the 2023 result of $28.3 million. This growth is primarily due to our robust income base from wholesale fibre broadband services. Our gross telecommunications revenue rose to $112.7 million, up from $100.8 million in the previous year.

The total value of our assets has grown by 5% to $862.4 million. The ultra-fast broadband network is now valued at $815 million, driven by continued investment in our network of $43.5 million and an increase in fair valuation of $24.9 million.

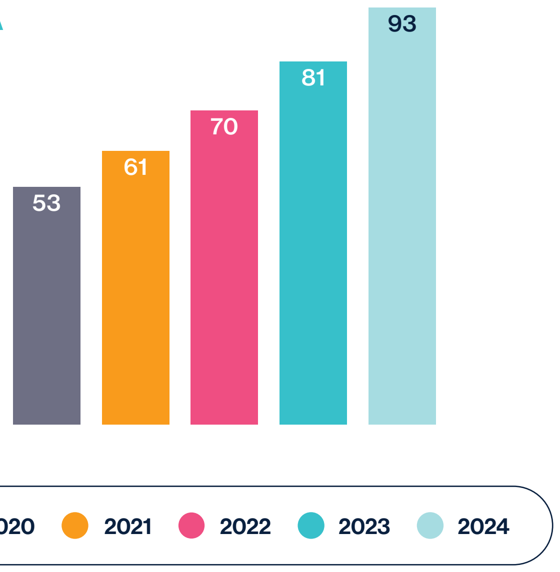
Million
Telecommunications Revenue and Profit After Tax



Million
Total Assets



Million
EBITDA



Driving connection growth

Our strategic network expansion is transforming connectivity across Greater Christchurch, bringing fibre broadband to over 1,000 additional properties in Waimakariri and Selwyn.

Enable continues to invest in communities outside of the existing ultra-fast broadband (UFB) coverage area to bring fast, reliable fibre broadband to more homes and businesses in Greater Christchurch.

Building on our collaboration with Crown Infrastructure Partners to explore funding opportunities for network expansion, we have launched our largest government-supported network extension since the completion of the initial UFB build. Our current network extension programme in Waimakariri and Selwyn is bringing fibre broadband to over 1,000 additional properties. This expansion has been supported through early engagement with property owners, which included proactive communication and plan appointments to ensure a smooth first-time connection experience for residents.

Our ongoing engagement with local councils to understand and plan for development across the city, in conjunction with the strong relationships we have established with property developers, allows us to continue to take fibre broadband into new subdivisions and developments. Despite challenges faced by the construction industry over the past year, our collaborative approach has driven growth in this sector.

In FY24, we have continued to focus on expanding our network into new greenfield developments, signing more than 4,000 lots across Christchurch. Even with a slowdown in the construction sector during the second through fourth quarters, we reached our connection target with only a minor variance.

In already developed areas, connecting multi-dwelling units (MDU) was a key priority, especially in the Central City. We continued with our MDU developer offer, which was well supported, with over 2,600 tenancies signed in FY24.

Building on our success with proactive fibre installations in MDU developments, which increased uptake by incoming residents, we are now exploring similar opportunities in greenfield and brownfield developments.

A renewed focus on the customer experience

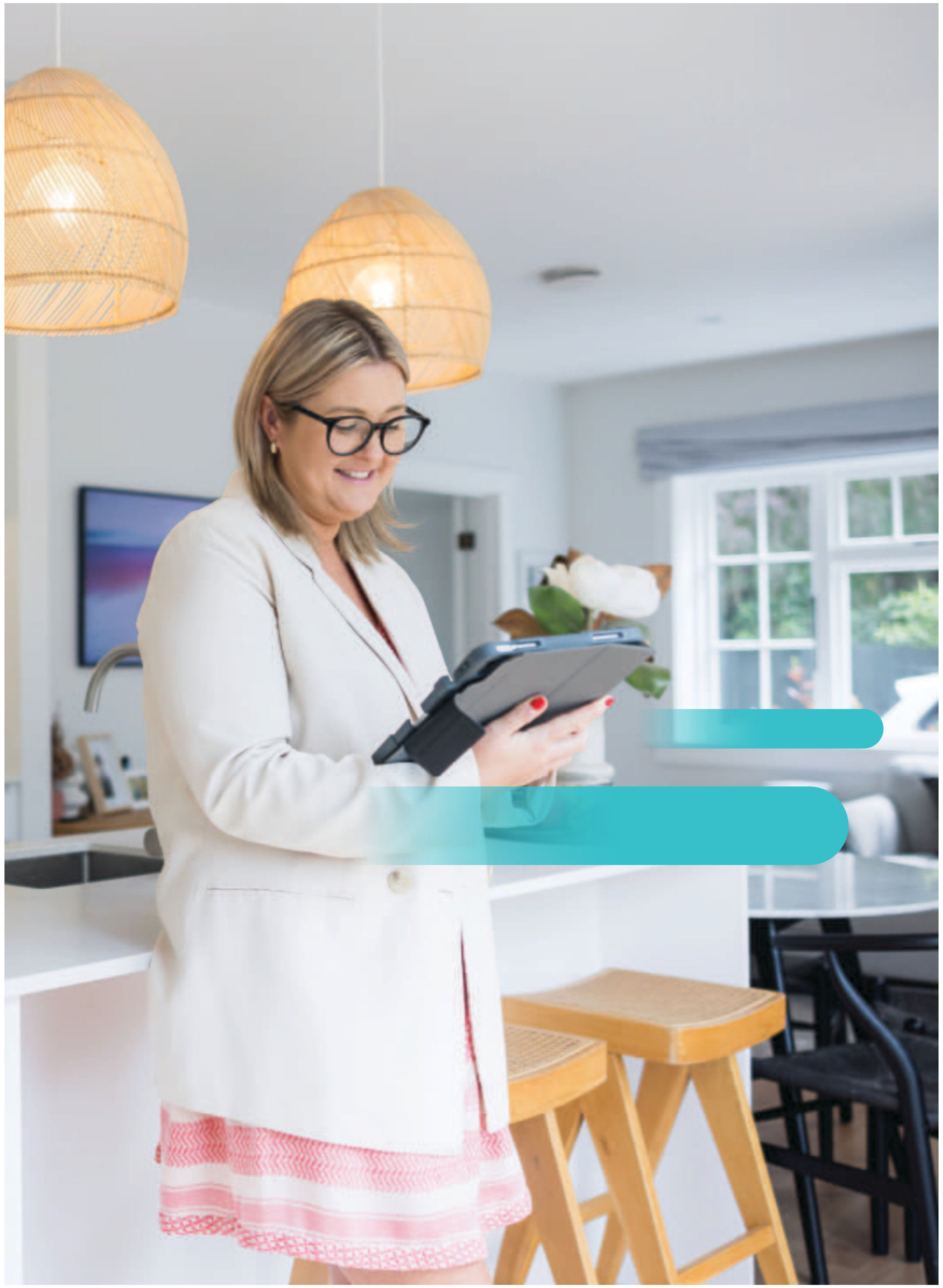
In FY24, Enable placed a renewed focus on the customer experience, embedding Customer Satisfaction as a key performance indicator within our business strategy and reflecting our commitment to putting our customers at the heart of everything we do.

Focusing on the customer and the experience we deliver is not new to Enable. However, this year we created a new lens through which we measure and monitor our performance in this space. With a shift away from the Net Promoter Score to a more holistic measure, Customer Satisfaction was introduced as one of our business key performance indicators.

Through this measure, we actively seek and act on regular feedback from our customers, allowing us to listen, learn and improve the services we provide. This commitment has helped us achieve a Customer Satisfaction score of 75% across FY24, demonstrating our dedication to meeting customer expectations and providing an excellent experience. Additionally, we closely monitor the connection journey and this year, achieved a satisfaction score of 83%.

Throughout the year, this renewed focus has shown up through various initiatives aimed at streamlining and enhancing how we do business with our customers. As the current economic climate continues to put pressure on household expenditure, feedback from customers has highlighted the importance of pricing and value when considering broadband options. In response, we introduced Fibre Starter, an entry-level product providing a lower speed fibre offering which Retail Service Providers (RSPs) can provide at a lower price point. Since its launch, we have seen strong uptake demonstrating how well it meets market demands.

Our commitment to delivering a great customer experience extends beyond those using our fibre services. To provide RSPs with a more streamlined and secure experience, this year we launched a new RSP Portal, a resource hub serving many purposes.



Customer testimonials

"Good communication. Reliable, did what you said you were going to do. Courteous friendly staff. Couldn't ask for more."

– Devoli customer

"Your agents did an amazing job, were professional and courteous. I have had many service connections and changes over the years and your team have been the best I have encountered."

– Sky customer

"The Enable technician was really hands-on. He even waited for me to arrive home so it could be installed. I appreciate him for this. He is a keeper for your team! Kudos! Well done!"

– 2degrees customer

"Our line was damaged on a public holiday, and it was fixed by the end of the very next day. Very efficient service!"

– Bigpipe customer

"Quick, easy, almost seamless! Each person I communicated with and dealt with in person were great and easy to deal with."

– Mercury customer

"Scope and work times were agreed. All work was carried out per agreement. Life should be this simple!"

– Spark customer

"The Enable guys were very helpful and explained everything and cleaned up after themselves. As an 80-something year old, I really appreciated that. Thank you."

– 2degrees customer

"Efficient, courteous, no mess, arrived when they said they would, called before arrival, good email updates about each step of the process."

– Sky customer

"My phone call was answered quickly and the fault was escalated and resolved efficiently. The technician was friendly and professional when he visited."

– Spark customer

"Technician who came to install the ONT router was super friendly and we had a great conversation. Complete asset to your company."

– Mercury customer

"The process was transparent throughout. The contractors were on time, they rang beforehand and worked quickly and efficiently."

– One New Zealand customer

"The on-site visits and phone conversations were all professional, clear and straightforward. It was a surprisingly easy, stress-free process."

– One New Zealand customer

Future-proofing our infrastructure

In an evolving technological landscape, standing still is not an option. As part of our ongoing commitment to innovation, Enable is on a transformative journey to future-proof our network infrastructure.

Our investment in our technology and network continues to advance, having achieved the successful introduction of core Layer 2 network equipment and a new Operational Support System (OSS).

The multi-year project, a part of Enable's Long-term Asset Management Strategy, involves replacing our Huawei hardware with new equipment from global telecommunications providers Cisco and Nokia. It's set to redefine our network infrastructure, ensuring it's robust, resilient and ready for the demands of future generations.

In 2023, the project completed the migration of all Retail Service Provider handover connections from Huawei to Cisco aggregation equipment. Building on this success, 2024 saw another major milestone with the implementation of a leading-edge OSS software solution from Incognito.

Integrating their technology allows us to modernise our operations, enhance service delivery and improve overall network efficiency. This strategic move not only positions us to better meet the evolving needs of our customers, but also ensures our network is prepared for future advancements in the technology sector.

Keeping our People safe

As we continue to focus on care and prevention, Enable has achieved positive health and safety outcomes in FY24. Engaged leaders and field teams have continued to drive positive behaviours, continuing to build on our overall health and safety culture.

FY24 was a year of strong health and safety performance for Enable and our field service contractor. We maintained a focus on preventing injuries through occupational therapist-led workshops, engineering controls and improved work methodologies. The year saw a mix of minor to moderate recordable injuries, with none requiring notification to WorkSafe and no serious injuries, meeting the target of nil.

We established a framework for monitoring and reviewing field service contracts, while ensuring high levels of consultation and coordination with contractors. Significant efforts were also made to enhance our health, safety and wellbeing programmes, including refreshing the Health and Safety Management System and addressing our critical risks such as psychosocial harm.

Focusing on care and prevention, while continuing to be compliant, has been essential in improving the health and safety culture by promoting trust, strong relationships and a safe learning environment. This has led to increased engagement from leaders and positive behavioural shifts among field teams, directly contributing to the positive outcomes reported this year.

Total recordable injuries	Total recordable injury frequency rate (TRIFR) (field service contractor)	Lost time injury frequency rate (LTIFR) (field service contractor)	Site interactions (73 by Enable SLT and Board members)
6	3.5	2.8	838

Celebrating our team

At Enable, we recognise that our people are central to our purpose and we are dedicated to enhancing their workplace environment, wellbeing and supporting their personal and professional growth.

Enable's core purpose remains unchanged: connecting our community with unlimited opportunity. Every day, there are Enable People working to make this happen, embodying our core values and driving innovation across our operations.

Our greatest asset is our people. We are committed to embedding our performance and development framework across the company, offering a range of training and development opportunities designed to support the growth of all our people.

As an example, earlier this year, two of our team members participated in a six-month journey through the inaugural Christchurch City Holdings Limited Women's Leadership Development Programme, Te Puna Manawa. The programme, established to empower female leaders, was brought to life through a series of workshops, masterclass sessions, mentoring and collaborative projects, providing an opportunity to develop leadership skills, strategies and mindsets to support career progression.

Ongoing recognition

Recognition of our People is fundamental to our culture, highlighted through our quarterly Legends of Enable awards. We continue to celebrate growth, development and commitment to our core values at our end-of-financial-year Summit – an event dedicated to celebrating the achievements of the past year, aligning on our strategic directions for the year ahead and inspiring our people to be their best selves, ensuring our business can reach its full potential.

At Summit, we recognise outstanding contribution in three key areas including **long service**, our **B Corp™ Champions** – reflecting their commitment to our social and environmental goals and the **Legends Awards** – for those who have shown exceptional performance and dedication to our core values throughout the year.

Smash boundaries

Keep it simple & fresh

Own the experience

Show the love

Being an employer of choice

Our commitment to being an employer of choice is reflected in our continued efforts to evolve our people strategy in terms of engagement, employee benefits, performance and development, recognition and reward.

In FY24, Enable achieved an Employee Net Promoter Score (eNPS) of +26, exceeding the Workleap industry benchmark of +23. The eNPS gauges job satisfaction by measuring employees' willingness to recommend their company to others. Our FY24 score highlights the high engagement and satisfaction levels among our team members, demonstrating our commitment to creating an engaging and supportive work environment.

Wellbeing, diversity and inclusion are at the heart of our ethos. This year, our Diversity and Inclusion Allies, a group of our Enable People, organised various events and initiatives to celebrate our diverse team and community. From celebrating Christchurch Pride and International Women's Day to embracing opportunities to develop competency around Te Ao Māori through Te Wiki o te Reo Māori, Te Tiriti o Waitangi workshops and te reo Māori lessons, to delving into health and wellbeing with the Wāhine Wellness Wānanga, we continue to champion diversity and inclusion in our organisation. By collaborating with other Christchurch City Holdings Limited subsidiaries, we actively promoted opportunities for our people to engage in initiatives that positively impacted their wellbeing, career development and understanding of diversity and inclusion.

Employee satisfaction metrics*

96% of Enable people feel supported by the business to make use of flexible working

97% of Enable people are positive about working with their leader and the support they receive from them

84% of Enable people feel they are supported towards their growth and development

Wellbeing and Diversity & Inclusion metrics*

96% of Enable people feel they can bring their authentic self to work

95% of Enable people feel our organisation shows that diversity is important through concrete actions

87% of Enable people feel the organisation cares about their wellbeing

**Based on our regular engagement surveys through Workleap*

Honouring our environment

We remain dedicated to sustainability, aligning closely with Christchurch City Council and Christchurch City Holdings Limited to achieve our emission reduction targets, aiming for a 35% reduction by FY25 and 62% by FY30 from our FY20 baseline, with the ultimate goal of achieving net-zero emissions by 2030.

As a certified B Corp™ since July 2023, we measure our entire social and environmental impact, reflecting our commitment to sustainability and responsible business practices. Honouring our community and planet is a key part of our DNA and we are dedicated to protecting the place we call home.

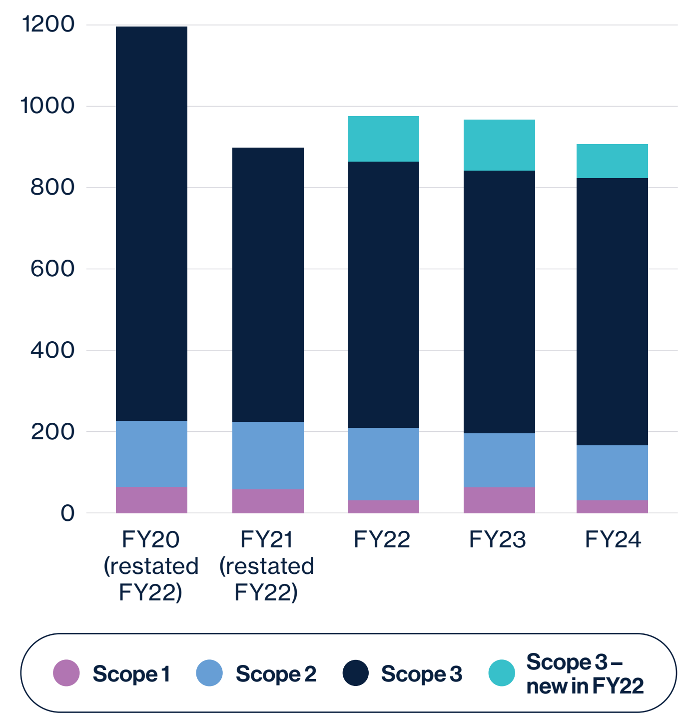
In FY24, we continued to focus on reducing our Scope 1 and 2 emissions and look for opportunities to reduce wider Scope 3 emissions, in line with science-based emissions reduction targets. We have achieved a 26% decrease equating to 59 tCO_2e, bringing our total emissions down to 168 tCO_2e compared to our FY20 baseline.

Key initiatives contributing to this reduction include the installation of solar panels across some of our central offices, reducing the need for purchased energy, and the transition of 40% of the Enable vehicle fleet to electric, reducing the demands on fuel. We are now focusing on transitioning the remainder of our fleet to electric, with a targeted completion by the end of 2024. Additional plans involve investigating a first Building Management System to provide detailed power consumption data and monitor environmental conditions at each central office. This system could offer further insights to help reduce power usage and enhance efficiency.

We continue to champion waste minimisation efforts within our corporate offices, making significant progress by diverting over half of all head office waste from landfill during FY24.

As New Zealand businesses continue to adapt their reporting to provide greater transparency around their environmental impact, Climate-related Disclosures are now being integrated into reporting cycles. Enable submitted its inaugural Climate-related Disclosures response to CCHL earlier this year.

Emissions over time (tCO_2e)



Innovation through collaboration

Over the past year, we have made significant progress in operational excellence.

We have established matrix-style working to enhance efficiency from initial customer requests to the final connection and invested in establishing cross-functional teams dedicated to delivering on our key strategic pillars.

While our focus has been on major transformations, such as our investment in upgrading our technology and network infrastructure, we have also capitalised on opportunities to bring functional teams together from across our business and contractors.

This year, we have optimised our end-to-end order management process by integrating customer support teams across our business and our field service contractor. This optimisation has simplified workflows from request to connection, reduced operational complexity and enhanced collaboration among teams, ultimately driving efficiencies to improve customer experience.

In addition, we have implemented the One Work Order system, which streamlines task coordination to maximise the workload achieved during a single site visit. This change has enhanced cohesion and efficiency across our business and field service contractor, leading to a reduction in operational costs. This system also allows our Customer Solutions Center to provide customers with accurate and timely updates on their order status, leading to an enhanced customer experience.

Matrix-style working has been key to these achievements. By integrating cross-functional teams and resources from across our business and our contractors, it has supported collaboration on priority initiatives, driving positive outcomes for both our customers and our business.

Supporting copper withdrawal in our community

This year, nearly 80% of customers in the copper withdrawal trial with Chorus chose Enable for their telecommunications needs. Following this success, we are now helping even more people make the switch to fibre, ensuring they stay connected.

During the year, Enable completed an initial copper withdrawal trial with the copper network operator, Chorus. The trial was successful, with nearly 80% of copper customers choosing Enable fibre for their future telecommunications needs.

Building on the insights from the trial, we have expanded our support to a wider range of addresses, ensuring a smoother transition for end-users who will have their copper service withdrawn in August 2024. Copper withdrawal is governed by the Commerce Commission's Copper Withdrawal Code. To assist with this process, Enable has provided brochures to Chorus, who include them in the withdrawal letters sent to copper customer addresses. These brochures explain the benefits of fibre and outline the steps to connect to Enable's fibre network. As Enable owns the fibre network in our region, we need to work with Chorus to support the copper withdrawal programme.

Our proactive approach, including door-to-door visits from our Fibre Ambassador team, has facilitated strong engagement and smooth transitions, even for more complex connections. This strategy not only supports Chorus's copper withdrawal efforts, but also reinforces Enable's role as a leader in delivering high-quality, future-proof connectivity solutions.

Through these initiatives, we are driving the adoption of fibre, ensuring our customers enjoy reliable telecommunications services. Our continued efforts in this space demonstrate Enable's dedication to customer satisfaction and the future of digital connectivity.

Local youth golf sponsorship

Kindergarten sponsorship

Aotearoa Māori Rugby League Tournament sponsorship

Strengthening community bonds

At Enable, we value the role our community plays in shaping our success. As part of our commitment to giving back, we have proudly supported several local initiatives through our Enable People Sponsorship programme.

The Enable People Sponsorship programme allows us to support a wide range of local, community-based organisations, initiatives and events. Through this programme, Enable People can apply for quarterly grants for causes they are actively involved in within our community. This year, we have been proud to back various initiatives, from helping talented youth attend regional sporting events to providing new learning equipment for local preschools, promoting the educational experience for young learners in our community. Other initiatives include supporting the Big Brother Big Sister Christmas event, providing funding towards Miscarriage Matters NZ initiatives, the Dick Farrant Jetboat Ride Day, the New Zealand Roller Blacks Team and various community events.

Our commitment to the community extends beyond financial support direct from the organisation. Our Enable People actively participate in various fundraising events throughout the year, including Pink Shirt Day. We have also volunteered our time with organisations like 0800 Hungry, Canterbury's largest food bank, where they make a direct impact by helping those in need.

We continued to support community initiatives such as the digital technology hub created by Te Papatipu Matihiko, Tūātea, based at New Brighton Library. This vibrant learning space provides an environment where ākonga (students) can engage in a culturally responsive and tailored education experience, with a digital and creative technology focus.

Championing industry excellence

This year, Enable continued to partner and engage with leading industry organisations to foster growth, innovation and excellence.

We are proud to continue our longstanding partnership with Business Canterbury (formerly the Canterbury Employers' Chamber of Commerce), working closely with local businesses to support initiatives that benefit our region. We have also maintained our collaboration with Canterbury Tech, and support of Tech Summit, to get behind the most active tech community in Aotearoa.

Recognising the value in developing talent, we continue to stand behind TUANZ's Future Leaders in Technology programme in Christchurch, which invests in the next generation of leaders in digitally enabled businesses. We have also partnered with the University of Canterbury to offer internships to students in the Masters of Business Information Systems programme. Through this partnership, we provide industry experience, helping bridge the gap between academia and the business community.

Additionally, we are committed to active participation in bodies such as the New Zealand Telecommunication Forum and TUANZ. Our membership in these forums provides us with a collective voice, ensuring alignment with industry standards and best practices. It allows us to advocate for fair policies and collaborate on addressing common challenges in the telecommunications sector, all with the shared goal of achieving the best possible outcomes for New Zealand consumers.

Looking ahead to FY25

We are committed to growing our core business through delivering our product in a competitive market and operating efficiently to deliver value to both our customers and shareholder.

Our goal is to expand the reach of world-class fibre broadband, leveraging our unique position as a community-owned network company. We will achieve this by welcoming new customers to fibre broadband and helping our existing customers fully understand and appreciate the benefits it brings to their lives.

In FY25 we aim to increase our total revenue to over $130 million and profit after tax to $34.9 million. To achieve this, we continue to refine our strategy which is brought to life across three key pillars:

We grow

We pursue initiatives that build on our core capabilities. We uncover new ideas to complement our existing operations.

We are future ready

We invest in, and upgrade, our network equipment and building systems to ensure our fibre remains the market-leading connectivity option.

We are efficient

We optimise our expenditure and continue to lift productivity.

Enable's commitments to people, community and planet underpin this strategy and remain central to everything we do.

We grow

Over the next 12 months, growth for Enable will come from further leveraging our existing fibre assets to grow our customer base and further our network footprint.

The focus remains on expanding our coverage through new greenfield developments, brownfield network extensions, and infill housing. Collaborating with developers, we anticipate increased planning and construction activity this year. Enable is committed to working with the Crown and our community to identify and serve underserved areas with commercial potential.

With market penetration high and net growth slowing, retaining existing customers is a top priority. We will launch initiatives to help customers appreciate their fibre broadband benefits. Our strategy includes enhancing marketing messages, optimising our product mix and engaging retailers to promote our range of fibre products, from low to high-speed plans.

Beyond our standard residential and business portfolio, we will seek to diversify revenue through fibre managed services. This includes providing dark fibre, diverse connections and servicing non-building access points like cell sites, electronic billboards and pumping stations.

We are future ready

Our community is reliant on seamless and high-speed connectivity more than ever before. Enable is committed to being a key enabler to drive digital inclusion, economic growth and technological advancement.

We will continue our journey to transform our technology and network to ensure we can provide the products and services our customers need now, and into the future.

FY25 will see the completion of the multi-year upgrade programme to the Layer 2 network – the electronics and optical equipment powering our fibre services. As such, all Access Services will be migrated from the Huawei to Nokia network. This upgrade lays the foundations for our product and network strategy to ensure we can continue to serve more customers and meet their evolving connectivity needs with next generation services.

Further to this, the business will dedicate additional focus to other Business Support Systems and with the development of a prioritisation and investment framework to support ongoing improvement programmes.

We are efficient

We continue to focus on the use of our resources to ensure we can deliver the greatest value. This year, with the implementation of a new Operational Support System, in line with our Layer 2 upgrade, we will achieve gains through process efficiency and increased automation.

While the initial priority is to embed the new systems in a like-for-like approach, we will seek efficiencies throughout the year with a focus on automation. This can deliver cost-reduction, while also freeing resources for more value-added activities. Leveraging the new technology platforms to their full potential is a strategic priority.

Building on the work to optimise the way in which we operate our field services business and to reduce our operating costs, we will continue to collaborate with our field service contractor to streamline our processes and resources. The benefits here will deliver cost reduction and importantly, support greater ownership of the end-to-end process from our team members and drive an improved customer experience.

Board of Directors

Justin Murray, Chair

Justin is an experienced Director and investment banker.

He 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.

Geoff Lawrie, Director

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 also 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 Otago University and is a Chartered Member of the Institute of Directors.

Geoff joined the Enable Board in August 2021.

Keiran Horne, Director

Keiran is a professional director with experience in both the public and private sectors.

Prior to her governance career, Keiran worked as an Accountant specialising in business rescue and insolvency, strategic planning, change management and commercial transactions. She has significant governance experience in strategic risk management and assurance, having chaired numerous Audit and Risk Committees.

Keiran has held a range of governance roles including TVNZ, Lotto, University of Canterbury and Solid Energy.

Keiran is a Chartered Accountant and Chartered Member of the Institute of Directors.

Keiran joined the Enable Board in January 2023.

Mark Petrie, Director

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 national and international fibre communications business with 2degrees, which laid the foundations for 2degrees' becoming 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.

Carolyn Luey, Director

Carolyn has extensive experience as a strategic business leader in large New Zealand telecommunications, technology and media companies.

She is an experienced executive skilled in strategy, marketing, product, technology, customer and digital. A transformative leader that has delivered step change in results leveraging a deep understanding of customer, digital and data across a range of industries. Carolyn is currently Chief Digital and Publishing Officer at NZME, previous executive roles include Chief Consumer Officer at Vodafone New Zealand, GM Enterprise Solutions and NZ at MYOB and Chief Operating Officer at NZME.

Carolyn is a Chartered Member of the Institute of Directors and her governance experience includes Future Director at Mercury, Independent Director at Ziera Shoes Ltd, Advisory Board Member of NZ Asian Leaders and Director at New Zealand Press Association.

Carolyn joined the Enable Board in October 2023.

Debra Blackett, Director

Debra is a corporate lawyer with twenty years' experience across a range of sectors including telco, banking, and oil and gas.

Debra is also an experienced governance advisor, specialising more recently in climate change governance. She has also advised on governance across listed and unlisted environments, crown entities, joint ventures, wholly and partly owned subsidiaries.

Debra has broad legal and commercial experience across private and public sector entities, including a range of regulatory and competition law regimes and more recently climate change law, regulation, reporting, risk management and governance. Debra holds an LLB (Hons) from Auckland University School of Law.

Debra joined the Enable Board in December 2023.

Financial statements

Incorporating 100% owned subsidiary Enable Networks Limited

For the year ended 30 June 2024

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 2024.

Signed on behalf of the Board

Justin Murray
Chair

27 August 2024

Keiran Horne
Chair, Audit and Risk Committee

27 August 2024

Financial statements

Contents

Statement of comprehensive income

For the year ended 30 June 2024

	Note	Group 2024 $'000	Group 2023 $'000
Operating revenue	5(a)	122,190	108,222
Other income	5(b)	6	6
Total revenue and gains		**122,196**	**108,228**
Employee costs	6(b)	(10,668)	(8,924)
Information technology		(3,775)	(2,879)
Network maintenance		(3,169)	(2,855)
Rates		(1,964)	(2,271)
Raw materials and consumables used		(3,543)	(3,817)
Other expenses	6	(6,442)	(6,787)
Total expenses		**(29,561)**	**(27,533)**
Earnings before interest, tax, depreciation and amortisation		**92,635**	**80,695**
Depreciation and amortisation	7	(29,840)	(29,424)
Earnings before interest and tax		**62,795**	**51,271**
Finance income	8	863	589
Finance costs	8	(13,658)	(12,589)
Net finance costs		**(12,795)**	**(12,000)**
Profit before income tax		**50,000**	**39,271**
Income tax expense	9	(15,553)	(10,952)
Profit for the year		**34,447**	**28,319**
Other comprehensive income			
Items that will not be recycled to profit or loss:			
Revaluation of assets	3	24,880	59,077
Income tax relating to other comprehensive income	9(d)	(6,966)	(16,542)
Other comprehensive income for the year, net of tax		**17,914**	**42,535**
Total comprehensive income for the year, net of tax		**52,361**	**70,854**

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 2024

Current assets	Note	Group 2024 $'000	Group 2023 $'000
Cash and cash equivalents	11	4,824	6,839
Trade and other receivables	12	5,548	3,947
Inventories	13	5,058	4,383
Total current assets		**15,430**	**15,169**
Non-current assets			
Property, plant and equipment	3	834,567	780,866
Right of use assets	3(a)	3,481	3,881
Intangible assets	14	8,928	9,957
Total non-current assets		**846,976**	**804,704**
Total assets		**862,406**	**819,873**
Current liabilities			
Trade and other payables	15	11,089	8,580
Employee entitlements	16	1,692	1,638
Current tax liabilities	9(c)	11,076	10,955
Borrowings	4	228	963
Lease liabilities for right of use assets	17	571	551
Deferred revenue	18	23	48
Total current liabilities		**24,679**	**22,735**
Non-current liabilities			
Borrowings	4	294,456	294,574
Lease liabilities for right of use assets	17	3,694	3,946
Deferred tax liability	9(d)	96,243	87,623
Deferred revenue	18	269	291
Total non-current liabilities		**394,662**	**386,434**
Total liabilities		**419,341**	**409,169**
Net assets		**443,065**	**410,704**
Equity			
Share capital	19	227,293	227,293
Retained earnings		15,779	1,332
Revaluation reserve		199,993	182,079
Total equity		**443,065**	**410,704**

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 2024

	Note	Share capital $'000	Revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 July 2022		**227,293**	**139,544**	**(6,987)**	**359,850**
Profit for the year		-	-	28,319	28,319
Revaluation of property, plant and equipment	3	-	42,535	-	42,535
Dividends paid		-	-	(20,000)	(20,000)
Balance as at 30 June 2023		**227,293**	**182,079**	**1,332**	**410,704**
Profit for the year		-	-	34,447	34,447
Revaluation of property, plant and equipment	3	-	17,914	-	17,914
Dividends paid		-	-	(20,000)	(20,000)
Balance as at 30 June 2024		**227,293**	**199,993**	**15,779**	**443,065**

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 2024

Cash flows from operating activities	Note	Group 2024 $'000	Group 2023 $'000
Receipts from customers and other sources		121,726	107,530
Interest received		863	592
Research and development tax incentive		-	464
Payments to suppliers and employees		(31,646)	(30,499)
Interest and other finance costs paid	20	(13,806)	(12,747)
Income tax paid		(2,798)	-
Tax subvention payments	20	(10,980)	(8,410)
Net cash provided by operating activities	**21**	**63,359**	**56,930**
Cash flows from investing activities			
Payment for property, plant and equipment		(40,526)	(34,765)
Proceeds from sale of property, plant and equipment		6	6
Payment for intangible assets		(3,430)	(6,144)
Proceeds from bank deposits maturing		-	6,000
Net cash used in investing activities		**(43,950)**	**(34,903)**
Cash flows from financing activities			
Proceeds from borrowing		-	532
Repayment of borrowings		(853)	(978)
Repayment of lease liabilities	17	(571)	(483)
Dividends paid		(20,000)	(20,000)
Net cash provided by financing activities		**(21,424)**	**(20,929)**
Net increase in cash and cash equivalents		(2,015)	1,098
Cash and cash equivalents at beginning of year		6,839	5,741
Cash and cash equivalents at end of year	**11**	**4,824**	**6,839**

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 2024

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of material 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 (CCHL), 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 27 August 2024.

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.

The financial statements have been prepared on a going concern basis which assumes that the future operations will allow for the realisation of assets and discharge of liabilities in the normal course of business.

As at 30 June 2024, the Group's current liabilities exceed its current assets due to the current tax liabilities of $11m, $6.8m of which does not fall due to March 2025, at which time management forecasts sufficient cashflows from operating activities to settle this liability. The Directors have adopted the going concern assumption.

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.

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.

Material accounting policies

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

	Note		Note		Note
Property, plant and equipment	3	Cash and cash equivalents	11	Trade and other payables	15
Borrowings	4	Trade and other receivables	12	Leases	17
Operating revenue and other income	5	Inventories	13	Deferred revenue	18
Finance income and costs	8	Intangible assets	14	Share capital	19
Income taxes	9				

Changes in accounting policies and disclosures

There have been no changes in accounting policies and 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 and 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 2022	**681,097**	**34,932**	**15,818**	**731,847**	**5,122**	**8,595**	**745,564**
Additions	-	-	-	-	866	34,105	34,971
Disposals	-	-	-	-	(74)	-	(74)
Revaluation adjustment	24,695	(9,953)	101	14,843	-	-	14,843
Transfers from work in progress	29,315	4,888	1,003	35,206	-	(35,206)	-
Cost/valuation at 30 June 2023	**735,107**	**29,867**	**16,922**	**781,896**	**5,914**	**7,494**	**795,304**
Additions	-	-	-	-	817	42,645	43,462
Disposals	-	-	-	-	(45)	-	(45)
Revaluation adjustment	6,620	-	-	6,620	-	-	6,620
Transfers from work in progress	30,681	2,470	739	33,890	-	(33,889)	1
Cost/valuation at 30 June 2024	**772,408**	**32,337**	**17,661**	**822,406**	**6,686**	**16,250**	**845,342**
Accumulated depreciation and impairment							
Accumulated balance at 1 July 2022	**(15,152)**	**(6,715)**	**(527)**	**(22,394)**	**(1,943)**	**-**	**(24,337)**
Depreciation expense	(15,757)	(7,328)	(651)	(23,736)	(673)	-	(24,409)
Disposals	-	-	-	-	74	-	74
Written back on revaluation adjustment	30,909	12,147	1,178	44,234	-	-	44,234
Accumulated balance at 30 June 2023	**-**	**(1,896)**	**-**	**(1,896)**	**(2,542)**	**-**	**(4,438)**
Depreciation expense	(16,955)	(6,076)	(739)	(23,770)	(872)	-	(24,642)
Disposals	-	-	-	-	45	-	45
Written back on revaluation adjustment	16,955	772	533	18,260	-	-	18,260
Accumulated balance at 30 June 2024	**-**	**(7,200)**	**(206)**	**(7,406)**	**(3,369)**	**-**	**(10,775)**
Carrying amount at 30 June 2023	**735,107**	**27,971**	**16,922**	**780,000**	**3,372**	**7,494**	**790,866**
Carrying amount at 30 June 2024	**772,408**	**25,137**	**17,455**	**815,000**	**3,317**	**16,250**	**834,567**

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 2024 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 and management considered that the 10-year 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 10 year cash flow forecast with a terminal value determined by using either a Gordon Growth Model formula based on the FY34 projected free cash flows or a terminal Regulated Asset Base (RAB) multiple notionally assuming the assets are sold at the end of the 10 year period.
- 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. For the valuation 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. Management are satisfied that the valuation below is appropriate given the regulation uncertainty.

The estimated value of the UFB network is **$815m**. The main level 3 inputs used by the group for valuing the UFB network are derived and evaluated as follows; WACC, Connections growth, and average revenue per user are estimated by Deloitte or management based on comparable transactions and industry data.

The sensitivity of the 2024 valuation of $815m to relevant factors is summarised as follows:

Movement in Unobservable Inputs	Range	Lower Value	Mid-Point	Upper Value	Relationship of Unobservable Inputs to Fair Value
Connections	+ or – 1.0%	$800m	$815m	$830m	The higher the connections rate, the higher the fair value
Average revenue per user	+ or – 1.0%	$800m	$815m	$830m	The higher the average revenue per user, the higher the fair value
WACC	+ or – 0.5%	$741m	$815m	$877m	The higher the WACC, the lower the fair value

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 2024 $'000	Group 2023 $'000
Cost	697,850	663,960
Accumulated depreciation	(150,521)	(129,928)
Net book value	**547,329**	**534,032**

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.

A change in 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 useful life estimates were made during the 2024 financial year.

ACCOUNTING POLICY

Property, plant and equipment

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

Property, plant and equipment 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.

KEY ASSETS AND LIABILITIES

3(a) Right of use assets

Gross carrying amount	Buildings $'000	Plant & equipment $'000	Total $'000
Cost/valuation at 1 July 2022	**4,541**	**263**	**4,804**
Additions	163	132	295
Disposals	-	(22)	(22)
Cost/valuation at 30 June 2023	**4,704**	**373**	**5,077**
Additions	296	43	339
Disposals	-	(13)	(13)
Cost/valuation at 30 June 2024	5,000	403	5,403
Accumulated depreciation and impairment			
Accumulated balance at 1 July 2022	**(567)**	**(93)**	**(660)**
Depreciation on right of use asset	(458)	(100)	(558)
Disposals	-	22	22
Accumulated balance at 30 June 2023	**(1,025)**	**(171)**	**(1,196)**
Depreciation on right of use asset	(609)	(130)	(739)
Disposals	-	13	13
Accumulated balance at 30 June 2024	**(1,634)**	**(288)**	**(1,922)**
Carrying amount at 30 June 2023	**3,679**	**202**	**3,881**
Carrying amount at 30 June 2024	**3,366**	**115**	**3,481**

KEY ASSETS AND LIABILITIES

4 Borrowings

	Note	Group 2024 $'000	Group 2023 $'000
Loans from external parties		284	1,137
Loan from CCHL	20	294,400	294,400
		294,684	**295,537**
Current portion		228	963
Non-current portion		294,456	294,574
		294,684	**295,537**

In May 2022 the Group entered into a secured loan with Cisco Systems Capital to finance UFB network equipment, which expires in May 2025 with a weighted average interest rate as at 30 June 2024 of 3.80% (2023: 1.37%).

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 borrowings plus a 0.2% margin. At 30 June 2024 the weighted average interest rate was 4.89% (2023: 4.31%). The line of credit under the loan agreement is available to the Group until May 2031 and totals $310m (2023: $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.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

PROFIT AND LOSS INFORMATION

5 Operating revenue and other income

5(a) Operating revenue

	Note	Group 2024 $'000	Group 2023 $'000
Gross telecommunications revenue	(i)	112,740	100,820
Sale of inventory		3,391	3,283
Other		6,059	4,119
		122,190	**108,222**

The timing of revenue recognition from contracts with customers is as follows:

Revenue transferred at a point in time:	Group 2024 $'000	Group 2023 $'000
Sale of inventory	3,391	3,283
Other	6,059	4,119
	9,450	**7,402**
Revenue transferred at a point in time:		
Gross telecommunications revenue	112,740	100,820
	122,190	**108,222**

(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.

5(b) Other income

	Group 2024 $'000	Group 2023 $'000
Gains on disposal of property, plant and equipment	6	6
	6	**6**

ACCOUNTING POLICY

Revenue

The Group invoices its customers (predominantly retail internet service providers (RSPs)) monthly for access to the fibre network across a range of product variants and contract periods. Prices are charged in accordance with the Wholesale Services Agreement, specifically the General Terms and Price List. The Group is required to provide a single performance obligation of continuous service to which the customer benefits incrementally and consecutively over time, as the service is delivered. The Group makes use of a practical expedient to record revenue monthly, being a distinct period that captures network access availability and product type usage information for invoicing. Unbilled revenue from the date of initial connection until the billing cycle, is recognised in the month of service. Revenue is deferred for fixed monthly access charges that are billed in advance.

In addition to network services, the Group recognises other revenue for faults, maintenance, premise networking and ancillary services (such as a plan change fee), on a point in time basis as they occur. Fees for connecting customers are determined to be separate performance obligations and are recognised when the connection completes. These services are also charged in accordance with the Wholesale Services Agreement.

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

Customers include contractors of the Group who purchase inventory as an input to the construction of UFB network assets. The Group has concluded that these transactions constitute revenue as there is no restriction on the use of the inventory acquired by the contractors, the contractor takes physical possession and also bears the risks and rewards of ownership of the inventory acquired. There is no direct relationship between these sales and the purchase of completed UFB network assets.

PROFIT AND LOSS INFORMATION

6 Expenses

	Note	Group 2024 $'000	Group 2023 $'000
Advertising		516	1,309
Audit fees	6(a)	323	318
Directors' fees		376	345
Net foreign exchange losses		40	13
Regulatory levies		523	585
Other		4,664	4,217
		6,442	**6,787**

6(a) Remuneration of auditors

Audit New Zealand	Note	Group 2024 $'000	Group 2023 $'000
Audit of the financial statements – prior year		-	13
Total		**-**	**13**
PwC			
Audit of the financial statements – current year		185	174
Audit of the financial statements – prior year		2	-
OAG audit standards and quality support charge		15	14
Regulatory audit work – current year		66	81
Regulatory audit work – prior year		23	-
Total		**291**	**269**
Other auditor - KPMG			
Internal audit activities		32	36
		32	36
Total auditor remuneration	**6**	**323**	**318**

6(b) Employee costs

	Note	Group 2024 $'000	Group 2023 $'000
Salaries and wages		16,188	16,036
Less capitalised salaries and wages		(6,027)	(7,639)
Net salaries and wages		**10,161**	**8,397**
Defined contribution plan employer contributions		453	442
Increase/(decrease) in employee entitlements/liabilities		54	85
Total employee costs		**10,668**	**8,924**

7 Depreciation, amortisation and impairment

	Note	Group 2024 $'000	Group 2023 $'000
Depreciation of property, plant and equipment	3	24,642	24,409
Amortisation of intangible assets	14	4,459	4,457
Depreciation of right of use assets	3(a)	739	558
		29,840	**29,424**

8 Financing income and costs

Financing income	Note	Group 2024 $'000	Group 2023 $'000
Interest - bank		863	589
		863	**589**
Financing costs			
Interest paid/payable to CCHL	20	13,416	12,346
Interest on external parties loans		43	30
Interest on lease liabilities	17	199	213
		13,658	**12,589**

ACCOUNTING POLICY

Finance income and costs

Financing 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

9(a) Components of tax expense

	Group 2024 $'000	Group 2023 $'000
Current income tax charge	13,874	10,955
Adjustments to current tax of prior years	25	(655)
Deferred tax expense	(537)	652
Deferred tax expense on assets no longer depreciable	2,191	-
Total income tax expense	**15,553**	**10,952**

PROFIT AND LOSS INFORMATION

9(b) Reconciliation of prima facie income tax

	Group 2024 $'000	Group 2023 $'000
Profit before tax	50,000	39,271
Tax at statutory rate of 28%	14,000	10,996
Effect on deferred tax balances on assets no longer depreciable	2,191	-
Under provision of income tax in previous year	(638)	(44)
Income tax expense	**15,553**	**10,952**

9(c) Current tax liabilities

	Group 2024 $'000	Group 2023 $'000
Opening balance	10,955	8,601
Tax liability for the year	13,899	10,300
Research and development tax incentive	-	464
Income tax paid	(2,798)	-
Tax subvention payment	**(10,980)**	(8,410)
Closing balance	**(11,076)**	**10,955**

9(d) Deferred taxation

	30 June 2023				30 June 2024		
Deferred tax liabilities:	Opening balance $'000	Profit/loss $'000	Other comprehensive income $'000	Closing balance $'000	Profit/loss $'000	Other comprehensive income $'000	Closing balance $'000
Property, plant and equipment	71,992	616	16,542	89,150	1,896	6,966	98,012
	71,992	**616**	**16,542**	**89,150**	**1,896**	**6,966**	**98,012**
Deferred tax assets:							
Provisions/employee entitlements	225	(54)	-	171	343	-	514
Doubtful debts and impairment losses	26	18	-	44	17	-	61
Other	1,312	-	-	1,312	(118)	-	1,194
	1,563	**(36)**	**-**	**1,527**	**242**	**-**	**1,769**
Net deferred tax liability	**70,429**	**652**	**16,542**	**87,623**	**1,654**	**6,966**	**96,243**

The Group is a member of the CCC tax group, which comprises CCC, CCHL and a number of other group entities. The Group pays subvention payments to other members of the CCC tax group. The amount recognised as a payable for the 2024 tax year is $13.9m (2023: $11.0m), $7.0m of which is expected to be offset by the tax effect of CCC tax group losses. The Group paid a subvention payment to other members of the CCC tax group of $11.0m (2023: $8.4m). These payments are treated as if they were payments of income tax and they are reflected as part of the taxation payable amount.

9(e) Imputation credits

$2.8m of imputation credits are available for use in subsequent reporting periods by the Group (2023: 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.

10(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 2024.

30 June 2024	Balance sheet $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years+ $'000
Cash and cash equivalents	4,824	5,065	5,065	-	-	-
Trade and other receivables	3,688	3,688	3,688	-	-	-
Trade and other payables	(9,303)	(9,303)	(9,303)	-	-	-
Lease liabilities for right of use assets	(4,265)	(4,990)	(753)	(740)	(2,172)	(1,325)
Loans from external parties	(284)	(289)	(233)	(56)	-	-
Loan from CCHL	(294,400)	(438,440)	(14,404)	(14,404)	(43,212)	(366,420)
	(299,740)	**(444,269)**	**(15,940)**	**(15,200)**	**(45,384)**	**(367,745)**
30 June 2023						
Cash and cash equivalents	6,839	7,180	7,180	-	-	-
Trade and other receivables	2,752	2,752	2,752	-	-	-
Trade and other payables	(6,835)	(6,835)	(6,835)	-	-	-
Lease liabilities for right of use assets	(4,497)	(5,336)	(744)	(688)	(1,997)	(1,907)
Loans from external parties	(1,137)	(1,956)	(978)	(978)	-	-
Loans from CCHL	(294,400)	(421,290)	(12,689)	(12,689)	(38,067)	(357,845)
	(297,278)	**(425,485)**	**(11,314)**	**(14,355)**	**(40,064)**	**(359,752)**

10(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. 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 carrying amount of the financial instruments recognised in the statement of financial position. There are no other items with exposure to fair value interest rate risk.

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 borrowings 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 borrowings 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 2024 $'000	Effect on equity Group 2023 $'000	Effect on profit Group 2024 $'000	Effect on profit Group 2023 $'000
1% increase in interest rates	(2,904)	(2,904)	(2,904)	(2,904)
1% decrease in interest rates	2,904	2,904	2,904	2,904

10(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 places its cash, short term investments, longer term deposits and derivative financial instruments with registered New Zealand banks. Only independently rated banks with a minimum Standard & Poor's (or equivalent) credit rating of 'A' or better are accepted. The Group limits the credit exposure to any one bank in accordance with its board-approved treasury policy.

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.

FINANCIAL RISK MANAGEMENT

Ageing of receivables

Gross trade receivables	Note	Group 2024 $'000	Group 2023 $'000
Not past due		2,399	2,145
Past due 0-30 days		728	471
Past due 31-60 days		239	100
Past due more than 60 days		540	227
	12	**3,906**	**2,943**
Impairment			
Not past due		-	(1)
Past due 0-30 days		(4)	(45)
Past due 31-60 days		(11)	(18)
Past due more than 60 days		(203)	(127)
	12	**(218)**	**(191)**
Gross trade receivables		3,906	2,943
Individual impairment		-	-
Collective impairment		(218)	(191)
Trade receivables (net)		**3,688**	**2,752**

OTHER ASSETS AND LIABILITIES

11 Cash and cash equivalents

	Group 2024 $'000	Group 2023 $'000
Cash balances	4,824	6,839
	4,824	**6,839**

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 2024 $'000	Group 2023 $'000
Trade receivables		3,843	2,927
Related party receivables	20	63	16
	10(c)	**3,906**	**2,943**
Prepayments		1,860	1,195
		5,766	**4,138**
Provision for impairment - trade receivables	10(c)	(218)	(191)
Total trade debtors, other receivables and prepayments		**5,548**	**3,947**

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.

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.

Impairment of a receivable is established when there is further objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable.

OTHER ASSETS AND LIABILITIES

13 Inventories

Current	Group 2024 $'000	Group 2023 $'000
Inventory	5,058	4,383
	5,058	**4,383**

Inventory is generally held short term for resale. Certain inventories are subject to security interests created by retention of title clauses. Inventory written off during the period amounted to Nil (2023: $236,000).

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

14 Intangible assets

Gross carrying amount	Goodwill $'000	Software $'000	Work in progress $'000	Total $'000
Cost at 1 July 2022	**848**	**18,765**	**1,234**	**20,847**
Additions	-	-	6,144	6,144
Transfers	-	3,756	(3,756)	-
Cost at 30 June 2023	**848**	**22,521**	**3,622**	**26,991**
Additions	-	-	3,430	3,430
Transfers	-	4,895	(4,895)	-
Cost at 30 June 2024	**848**	**27,416**	**2,157**	**30,421**
Accumulated amortisation				
Accumulated balance at 1 July 2022	**-**	**(12,577)**	**-**	**(12,577)**
Amortisation expense	-	(4,457)	-	(4,457)
Accumulated balance at 30 June 2023	**-**	**(17,034)**	**-**	**(17,034)**
Amortisation expense	-	(4,459)	-	(4,459)
Accumulated balance at 30 June 2024	**-**	**(21,493)**	**-**	**(21,493)**
Carrying amount at 30 June 2023	**848**	**5,487**	**3,622**	**9,957**
Carrying amount at 30 June 2024	**848**	**5,923**	**2,157**	**8,928**

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 (2023: 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.

Goodwill and intangible assets that have an indefinite useful life, including work-in-progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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.

OTHER ASSETS AND LIABILITIES

15 Trade and other payables

Current	Note	Group 2024 $'000	Group 2023 $'000
Trade payables and accrued expenses		8,854	6,439
Amounts due to related parties		17	21
GST payable		369	736
Contract liabilities for third party contributions		1,415	1,001
Interest payable to CCHL	20	434	383
		11,089	**8,580**

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

ACCOUNTING POLICY

Trade and other payables

Trade and other payables

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

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.

16 Employee entitlements

Current	Group 2024 $'000	Group 2023 $'000
Accrued pay	308	304
Annual leave	783	778
Employee incentives	601	556
	1,692	**1,638**

ACCOUNTING POLICY

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 incentives where there is a contractual obligation.

17 Leases

	Group 2024 $'000	Group 2023 $'000
Opening balance	4,497	4,685
Additions	339	295
Interest expense	199	213
Repayment of lease liabilities	(770)	(696)
Closing balance	**4,265**	**4,497**
Current portion	571	551
Non-current portion	3,694	3,946
	4,265	**4,497**

Lease liabilities	Group 2024 $'000	Group 2023 $'000
No later than one year	753	744
Later than one year and not later than five years	2,912	2,685
Later than five years	1,325	1,907
Minimum lease payments	4,990	5,336
Less future finance charges	(725)	(839)
Closing balance	**4,265**	**4,497**

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% (2023: 4.53%). Lease payments recognised in the statement of cash flows totalled $571,000 for 2024 (2023: $483,000).

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.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate for an equivalent term, where applicable. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest rate method. The carrying amounts are remeasured if there is a change in any of the following: an index or rate used, residual guarantee, lease term, and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

OTHER ASSETS AND LIABILITIES

18 Deferred revenue

	Group 2024 $'000	Group 2023 $'000
Current portion	23	48
Non-current portion	269	291
	292	**339**

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

19 Share capital

	Ordinary shares $'000	Redeemable preference shares $'000	Total shares $'000
Balance at 30 June 2023	**67,500**	**159,793**	**227,293**
Balance at 30 June 2024	**67,500**	**159,793**	**227,293**

ESL has 67,500,000 fully paid ordinary 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 (2023: 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.

20 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 2024 $'000	Group 2023 $'000
Short term employee benefits (inc. salaries and Directors' fees)	3,036	2,964
KiwiSaver employer contributions	45	59
Total	**3,081**	**3,023**

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 2024 (2023: $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.

OTHER DISCLOSURES

Significant transactions and balances with related entities

Transactions during year	Note	Group 2024 $'000	Group 2023 $'000
Interest paid to CCHL	(i)	13,416	12,346
Purchases from CCHL		14	14
Subvention payments to CCC tax group	(ii)	10,980	8,410
Sales to CCC		434	30
Sales to City Care Ltd		6	7
Purchases from Crown, CCC and controlled entities		1,948	2,253
Purchases from City Care Ltd for services		52	28
Purchases from Orion Ltd & Connetics Ltd for services		57	10
Balances at end of year			
Loan balance due to CCHL	(iii)	294,400	294,400
Interest payable to CCHL	(iv)	434	383
Trade payable to CCC		-	5
Trade payable to City Care Ltd		17	16
Trade receivable from CCC		63	16
Trade receivable from City Care Ltd		5	3

(i) Interest is charged on the CCHL loan at CCHL's weighted average cost of borrowings, 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 a subvention to other CCC tax group entities. In 2024 a subvention payment of $11.0m was made to CCC (2023: $8.4m).

(iii) The Group borrows from CCHL under a loan agreement to fund its operations. Further details of the loan arrangement are provided in Note 4.

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

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 entities related 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.

21 Reconciliation of profit to net cash operating flows

	Note	Group 2024 $'000	Group 2023 $'000
Profit for the year		34,447	28,319
Add/(less) non-cash items			
Depreciation, amortisation and impairment expense	7	29,840	29,424
Deferred tax charged to income	9(d)	1,654	652
Net foreign exchange losses		40	13
		31,534	**30,089**
Add/(less) items classified as investing or financing activities			
Gain on disposal of non-current assets	5(b)	(6)	(6)
Other		(2,976)	(219)
		(2,982)	**(225)**
Add/(less) movement in working capital items			
Trade and other receivables	12	(1,601)	(1,475)
Inventories and work in progress - current	13	(675)	(1,314)
Trade and other payables	15	2,461	(903)
Employee entitlements	16	54	85
Current tax liabilities	9(c)	121	2,354
		360	**(1,253)**
Net cash flows from operating activities		**63,359**	**56,930**

22 Classification of assets and liabilities

Financial assets measured at amortised cost	Group 2024 $'000	Group 2023 $'000
Cash and cash equivalents	4,824	6,839
Trade and other receivables	3,688	2,752
	8,512	**9,591**
Financial liabilities measured at amortised cost		
Trade and other payables	9,288	6,843
Lease liabilities for right of use assets	4,265	4,497
Borrowings	294,684	295,537
	308,237	**306,877**

OTHER DISCLOSURES

23 Statement of service performance

The Statement of Intent (SoI) issued by ESL last year in respect of the 2024 financial year included both financial and non-financial performance measures. The following table compares ESL's actual results for the year ended 30 June 2024 with the targets contained within the SoI.

Financial performance targets

Profitability	Unit	Actual Group 2024	Target Group 2024	Actual Group 2023
Gross telecommunications revenue	$'000	112,740	113,600	100,820
Earnings before interest and tax (EBIT)	%	62,795	56,300	51,271
Net profit after tax (NPAT)	$'000	34,447	31,000	28,319
Capital structure				
Shareholder's funds to total assets	%	51.4%	49.1%	50.1%
Net gearing % (Net debt / net debt plus equity)	%	40.3%	43.8%	42.2%
Interest cover (EBIT / interest expense)	Ratio	4.6	4.3	4.1
Returns to shareholders				
Dividends	$m	20.0	20.0	20.0
Return on invested capital % (EBIT / average equity)	%	14.7%	15.0%	13.3%
Return on equity % (NPAT / average equity)	%	8.1%	8.2%	7.4%

Operational performance targets			Actual Group 2023
Operational service level agreement achievement	%	96.35%	94.94%
Total network availability*	%	99.988%	99.996%

Target Status	Explanation
Achieved	Target has been met.
In Progress	A plan has been put in place and is underway, achievable within the timeframe.
Ongoing	A plan is in place with ongoing results delivered over several reporting periods.
Not Achieved	Target has not been met, or target is unachievable.

Further explanation of our actual SoI results, including explanations of variances to target, for the year ended 30 June 2024 are as follows.

Financial targets

Gross telecommunications revenue represents all sales to retail service providers. At $112.7m, this was at 99.2% of the target, with the shortfall of $0.9m driven by a lower connection volume and a lower average revenue per user, as customers traded down from higher speed products to entry level products.

Cost saving initiatives ensured that the Group exceeded both earnings before interest and net profit after tax targets ensuring the payment of a $20m dividend to the shareholder was achieved.

The return on equity was reduced by the revaluation reserve increasing by $17.9m and $2.2m deferred tax expense on assets no longer depreciable (with tax depreciation being removed on buildings). Excluding these transactions, return on invested capital would have been 15.1% and return on equity 8.6%.

Operational performance targets

The network availability continues to be achieved through close network monitoring and the dedication of our people and our field service teams to address any issues that do arise.

Health and Safety performance targets

Enable continues to focus on achieving the highest standards of health and safety performance. Enable has worked to establish a framework for monitoring and reviewing against the field service contract this year, whilst still maintaining an excellent level of consultation, co-ordination and co-operation with our main contractor in the field. Significant focus has also been given to Enable's own health, safety and wellbeing requirements, with a refresh of the Health and Safety Management System and on-going work around the risk of psychosocial harm. This has been led by the newly formed and trained Health and Safety Representative Committee, with engagement from the wider Enable team.

We had 6 Total Recordable Injuries in the last year, one above the previous year; the KPI target was set at <=5. The recordable injuries were categorised as minor to moderate, and none were of a nature that required notification to WorkSafe. There were no serious injury harm injuries in line with the target of nil.

Targets

Sustainability

Enable has continued to focus on sustainability and support CCHL's sustainability working group.

	Target	Status
1	Strive to achieve and maintain B Corp certification to enforce Enable's commitment to ensuring our business supports a sustainable future and provide a measure of our overall performance.	Achieved
	We achieved B Corp™ certification in 1 July 2023, and the focus is now on our goal to maintain it when we are reassessed in June 2026. Preparation for reassessment will begin in mid-2025.	
2	Continue the focus on our Scope 1 and 2 emissions reduction targets of 35% by FY25 and 62% by FY30, against the FY20 baseline, and strive to achieve net zero emissions by FY30 in line with the CCHL group.	In progress
	Scope 1 and 2 science-based targets have been adopted and accompanying emissions reduction investment plan approved. Our FY24 Scope 1 and 2 emissions have decreased by 59 tCO2e (26%) to 168 tCO_2e against our FY20 baseline, with the installation of solar panels on three central offices and 40% of vehicles now electric. There is some level of uncertainty associated with calculating Greenhouse Gas emissions. To minimise this uncertainty, all Scope 1 and 2 source data has been obtained directly from suppliers. We have calculated our emissions based on the most up to date emissions factors available from the Ministry for the Environment and supplier sources at the time our Greenhouse Gas emissions data was produced.	
3	Complete our first climate risk assessment, and scenario analysis if required, in line with climate-related disclosure requirements, and support the development of the CCHL group climate statement.	Achieved
	Enable submitted its initial climate-related disclosures including a scenario analysis to CCHL in April 2024.	
4	Continue to develop an understanding of our handprint (positive environmental impact).	In progress
	Fibre continues to be the most energy efficient broadband technology. Fibre has the benefit of allowing people to connect from different locations, reducing our community's carbon footprint, by way of reducing demands on air travel, travel to the office.	
5	Continue to work with our key contractors to minimise network infrastructure waste, specifically: – implement a reuse and recycling plan for first generation equipment as it is decommissioned.	In progress
	We are continuing to evaluate the most sustainable options for the decommissioning the first-generation equipment with options of making this equipment available for use by other providers.	
6	Ensure our corporate landfill waste is below our FY22 benchmark, of 588.2 kg, by continuing to educate our people on waste minimisation.	Not Achieved
	We maintain programs to educate and support appropriate waste minimisation and disposal in our corporate offices. The proportion of waste diverted to landfill dropped from 66% in FY22 to 52% in FY24. However, as a result of a change in criteria which increased the ambit of what is classified as green waste / recycling, an additional 263.1 kg was sent to landfill in FY24, giving a total of 851.3kg.	

Employee outcomes – living wage and employee engagement

	Target	Status
1	Maintain provision of the living wage for all Enable (direct) and primary contractor employees.	Achieved
	Remuneration adjustments to ensure we continue to meet adjusted living wage have been factored into the end of year remuneration reviews.	
2	Develop and report on an action plan to close any identified gender pay gap	Achieved
	A Gender Action plan to maintain pay equity and reduce the likelihood and impact of unconscious bias was endorsed by SLT and HSWP board subcommittee in March 2024 to be reported on to the same groups annually.	
3	Be an employer of choice. Continue to evolve our people strategy in terms of engagement; employee benefits; performance and development, recognition, and reward.	Achieved
	Enable continues to review our employee value proposition to ensure we are positioned well to attract, retain, grow and keep safe the very best people. – The provision of fully subsidised health insurance was approved by the board and announced to the organisation in FY24 to be rolled out at the start of FY25. Alongside the cultural and wellbeing benefits for our people, this is expected to be a strong driver of attraction and retention. – Our Wellbeing and Diversity & Inclusion programmes delivered a range of initiatives during the year to ensure that employee experience was considered holistically, and continually supported a culture of high performance. – Employee feedback is continually sought, and engagement measured, through Officevibe to ensure that people's needs and expectations are being met. – The Performance and Development frameworks continue to mature and ensure our people have access to meaningful learning and development opportunities and are receiving regular meaningful feedback on their work.	
4	Ensure Enable fosters Diversity and Inclusion with our people being supported to bring their best selves to work.	Achieved
	Enable continues to support and actively participate in CCHL-wide initiatives aimed at Gender Balance. A gender balance action plan aimed at maintaining pay equity and reduce the likelihood and impact of unconscious bias is under way. We consider this work as part of our DNA and will continue to be a focus moving forward. In FY24, Enable participated in the CCHL Women's Leadership Development Programme, Te Puna Manawa. Two Enable team members were included in the first cohort of 16 women, with members of the Enable SLT and Board participating as guests, speakers or mentors throughout the six-month programme. Educational initiatives focussed on areas including pride celebrations, dyslexia in the workplace and women's wellness were delivered; these are a key step to reducing the likelihood and impact of unconscious bias in the workplace while fostering our desired culture. The Diversity & Inclusion programme has recently been refreshed for FY25 to ensure it encapsulates a broader spectrum of Diversity & Inclusion – the FY25 calendar will support awareness initiatives focussed on gender, cultural, sexual orientation & neuro-diversity.	

	Target	Status
	Health, Safety & Wellbeing	
1	Continue to deliver a best practice Health, Safety and Wellbeing model that ensures our people, partner organisations' people, customers, and community are kept safe and well as measured by Total Recordable Injuries (TRI) <=5 and no serious harm injuries incurred.	Not Achieved
	Total Recordable Injury Frequency Rate (**TRIFR**) is currently 3.5 with no serious harm injuries recorded. TRI is recorded at 6, owing mostly to musculoskeletal injuries such as sprains and strains. The All Injury Frequency Rate continues to trend downward overall due to low numbers of first aid injuries and an overall reduction in Total Recordable Injuries.	
2	Continue to report any incidents to CCHL that are notified to WorkSafe.	Achieved
	There have been no incidents notified to WorkSafe over the past twelve months.	
3	Grow and educate our Health and Safety champions to ensure the best practices are shared with and embedded within the wider staff base.	Achieved
	Health and Safety Champions are trained to Health and Safety Representative Level 1, at the date of Annual Report. They have also been involved in a bow-tie assessment on psychosocial harm, further extending their health and safety knowledge in this area.	
4	Continue to promote the Wellbeing Committee as point of contact and to actively drive strong uptake and engagement across our planned calendar of initiatives focused on the wellbeing of our staff.	Achieved
	The Wellbeing Committee continues to be a high performing group within Enable. In FY24 the committee refined its purpose and role. The wellbeing calendar was refreshed to ensure that initiatives aligned with the 5 Ways to Wellbeing. A range of wellbeing Initiatives were rolled out in FY24 e.g. seminar series by Synergy Health, volunteering opportunities, and physical challenges.	

Target		Status
Community partnerships - generating greater community value target		
1	Taking central government's lead, work in partnership with Government, industry, and other potential stakeholders to identify and establish a sustainable programme that supports community access to engage with, and leverage, high-quality fibre.	Ongoing
	Enable has continued to support the Ministry of Education (MOE) to provide broadband to digitally excluded households that meet the MoE's criteria. The MoE announced the funding will stop as at 30 June 2024 and we are working with the Manaiakalani Education Trust to support a new pilot programme which will provide ongoing support for the MoE households.	
2	Continue to operate our Christchurch Free Wi-Fi service in key central locations, and market it to support maximum economic growth, visitor, and community benefits.	Achieved
	The fibre-based Christchurch Free Wi-Fi service has continued and achieved over 160,000 users throughout the 2024 year. We provided information sheets on the Christchurch Free Wi-Fi service to ChristchurchNZ for the cruise ship ambassadors to assist visitors to the city.	
3	Continue to support the largest local secondary schools to leverage the full potential of fibre broadband for better education outcomes by delivering Hyperfibre to them.	Achieved
	Hyperfibre continued to be provided to the three largest secondary schools.	
4	Work closely within the CCHL Group and with other potential partners to unlock and realise new initiatives that can support the group to deliver greater value and returns to our community.	Achieved
	We have worked with other operating companies within the CCHL Group to investigate various initiatives. Notably we are working with Orion to provide fibre duct to be installed where Orion is extending its network, and we are also working with Orion on other initiatives of mutual benefit.	
5	Maintain and identify new key strategic partnerships and sponsorships aimed at supporting a local environment of growth and innovation.	Achieved
	This year Enable has continued to work alongside Business Canterbury (formally the Canterbury Employer's Chamber of Commerce) as a supporting partner. We have extended our partnership with the University of Canterbury to provide internship opportunities, working with two Masters of Business and Information Systems students in 2024. We have sponsored the Innovation Award at the Canterbury Girl Boss Awards, alongside other CCHL organisations, the Canterbury Tech Tech Summit, and continued as the sponsor of the TUANZ Future Leaders in Technology (FLINT) programme in Christchurch.	

Target		Status
Te Ao Māori		
1	Engage directly with iwi and mana whenua to build knowledge and better understand Enable's relationship with the land and our community and enhanced cultural understanding and competency within our business.	Ongoing
	Enable people have participated in initiatives to develop cultural understanding and build cultural competency. This has included visits to Rāpaki Marae for Tikanga workshops, te reo Māori lessons, and Te Tiriti o Waitangi workshops.	
2	Actively participate in He Huanui Māori CCHL and the cross-CCHL Group leadership team to accelerate initiatives aimed at promoting improved cultural capability across the Group and generating positive outcomes for Māori and our broader community.	Ongoing
	By engaging with the CCHL Group leadership team, Enable is actively participating, and hosting, pan-CCHL cultural competency initiatives through the He Huanui Māori Pathways program. Further to engagement with iwi and mana whenua to provide tikanga workshops, Te Tiriti workshops and te reo Māori lessons, the group has also supported workshops and gatherings around Matariki and Te Wiki o te Reo Māori.	
3	Work with CCHL and other CCOs to develop a clear understanding of how we collectively work toward ensuring a stronger relationship with Māori, and all ethnicities that guides our culture, practises and decisions in the future.	Ongoing
	As evidenced by the previous two metrics, both Enable and CCHL have expanded their cultural working relationship with Māori, and all ethnicities that guides our culture, practises and decisions in the future.	

UNRECOGNISED ITEMS

24 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.

25 Contingent liabilities

The Group had no contingent liabilities as at 30 June 2024 (2023: $nil).

26 Standards not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group.

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

27 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 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;
- appointment and performance review of CEO;
- 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 meetings and committees

The Board meets approximately seven times per year. Additional meetings are convened as and when required. The Board's annual work programmes are set before the start of each financial year. The Board receives formal agenda papers and regular reports, generally a week in advance of meetings. Directors also have other opportunities to obtain information and may seek expert advice.

The board delegates some responsibilities and tasks to board committees, but the board retain ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

The Board has three standing committees:

- Audit Risk committee: liaises with the Group's independent external auditor and reviews the effectiveness of internal controls, financial and regulatory information, and operational risk management.
- Health, Safety, Wellbeing & People Committee: plays a pivotal role in the Group's commitment to ensuring the wellbeing and safety of our employees, visitors and stakeholders. This committee serves as a dedicated forum for the identification, assessment, and management of health and safety risks, remuneration policies and practices. Providing guidance and feedback on succession planning, talent development, inclusion and diversity and other people and culture policies and practices.
- Future Technology and Products Committee: to assist the Board in fulfilling its corporate governance responsibilities relating to future technology, information security, product investment and performance of the product investments.

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 2024 was determined by the shareholder, which was allocated as follows.

	2024	2023
Justin Murray	96,879	94,458
Debra Blackett*	27,655	-
Craig Elliot+	18,437	53,929
Keiran Horne**	61,097	24,821
Geoff Lawrie	57,237	53,926
Carolyn Luey***	36,874	-
Mark Petrie	58,203	56,749
Scott Weenink++	19,401	56,748
Kathy Meads+++	-	4,837
	375,783	**345,468**

* Debra Blackett appointed 13 Dec 2023
\+ Craig Elliott retired 17 Oct 2023
** Keiran Horne appointed 25 Jan 2023
*** Carolyn Luey appointed 17 Oct 2023
++ Scott Weenink retired 17 Oct 2023
+++ Kathy Meads retired 27 Jul 2022

Chief Executive Officer's remuneration

The Chief Executive Officer's (CEO) remuneration consists of fixed and variable remuneration. The CEO's package is reviewed annually by the Health, Safety, Wellbeing and People Committeeand the Board after reviewing the CEO's and Enable's performance, taking advice from external remuneration specialists.

Johnathan Eele	2024 $'000	2023 $'000
Fixed remuneration	597	562
Incentive	172	146
KiwiSaver contributions	14	16
	783	**724**

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

	Group 2024	Group 2023
Total number of employees	125	131
Average re-muneration for the top 10%	$332,701	$317,858
Average remu-neration for the bottom 10%	$61,656	$53,789

Note: Calculated based on full time equivalent total remuneration.

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 KiwiSaver contributions) in excess of $100,000 during the year ended 30 June 2024:

$	2024	2023
100,000 - 109,999	9	10
110,000 - 119,999	6	6
120,000 - 129,999	5	11
130,000 - 139,999	11	6
140,000 - 149,999	8	6
150,000 - 159,999	9	7
160,000 - 169,999	4	3
170,000 - 179,999	1	2
180,000 - 189,999	1	2
190,000 - 199,999	4	1
200,000 - 209,999	1	3
210,000 - 219,999	-	1
220,000 - 229,999	1	-
230,000 - 239,999	2	-
240,000 - 249,999	2	-
270,000 - 279,999	2	-
310,000 - 319,999	-	1
340,000 - 349,999	1	-
350,000 - 359,999	-	1
380,000 - 389,999	-	1
390,000 - 399,999	-	1
400,000 - 409,999	1	1
410,000 - 419,999	1	-
720,000 - 729,999	-	1
780,000 - 789,999	1	-
Total	**70**	**64**

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 2024.

Director	Directors' Interests
Justin Murray Chair	**Director of** Enable Networks Limited **Director & Shareholder of** FDJ Murray & Company Holdings Limited, Murray Capital Limited, Murray Partners Limited, Murray & Company Limited **Trustee of** Murray Family Trust
Debra Blackett	**Director of** Enable Networks Limited
Keiran Horne	**Director of** Enable Networks Limited, Quayside Holdings Limited, Quayside Properties Limited, Quayside Securities Limited, Screensouth Limited, The Co-Operative Bank Limited **Shareholder of** Spey Downs Limited **ARC Chair of** Hamilton City Council **Council Member of** University of Canterbury **Treasurer of** CEC Charitable Trust, Conductive Education **Trustee of** AJ & MJ Horne Family, Horne Widbore's Family Trust
Carolyn Luey	**Director of** Enable Networks Limited, New Zealand Press Association Limited **Board Member of** Interactive Advertising Bureau New Zealand **Chief Digital & Publishing Officer of** NZME Limited **Trustee of** KS & R Luey Family Trust
Geoff Lawrie	**Director of** Enable Networks Limited, Infratec NZ Limited, Newpower Energy Limited, Plan B Limited, WEL Networks Limited **Director & Shareholder of** Auror Limited, Ingenium (Younity) Limited
Mark Petrie	**Director of** Enable Networks Limited, DARC Energy Limited, DARC Technologies Limited **Director & Shareholder of** Brighter Days Limited, CommArc Consulting Limited, De Novo Partners Limited, KMCH Limited (corporate trustee of the Petrie Investment Trust), Mark Petrie Investments Limited, Nexbe Limited **Trustee of** Mark Petrie Family Trust, Petrie Investment Trust

Attendances of Board and Committee meetings during the 2024 financial year

	ARC	HSW&P	FTP	Board
Total number of meetings	**4**	**3**	**3**	**8**
Justin Murray	4	3	3	8
Debra Blackett (appointed 13 Dec 2023)	2			5
Craig Elliott (retired 17 Oct 2023)			1	2
Keiran Horne (appointed 25 Jan 2023)	4			7
Geoff Lawrie	4	1	2	8
Carolyn Luey (appointed 17 Oct 2023)			2	7
Mark Petrie			3	8
Scott Weenink (retired 17 Oct 2023)		2		2

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 Big Brothers Big Sisters of New Zealand and West Christchurch Women's Refuge Society Incorporated of $1,285 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.

Independent Auditor's Report

To the readers of Enable Services Limited's Group financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Enable Services Limited and its subsidiary (collectively referred to as the 'Group'). The Auditor-General has appointed me, Nathan Wylie, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and performance information of the group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 36 to 63, and 70, that comprise the statement of financial position as at 30 June 2024, 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, as set out in the statement of service performance, of the Group on pages 64 to 69.

In our opinion:

- the financial statements of the Group::
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; 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; and
- the performance information of the Group on pages 64 to 69 presents fairly, in all material respects, the Group's achievements measured against the performance targets for the year ended 30 June 2024.

Our audit was completed on 27 August 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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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 23 on page 65 of the financial statements, which outlines the inherent 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 are 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 financial statements and 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 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 during 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 35, 71 to 76, and 80-83 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 that 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 (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we were engaged to perform assurance engagements for the 2024 disclosure year pursuant to the Fibre Information Disclosure Determination 2021, 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.

Nathan Wylie
PricewaterhouseCoopers
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)

Directory

Shareholder Christchurch City Holdings Limited

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Auditor The Auditor-General is the auditor pursuant to section 14 of the Public Audit Act 2001. Nathan Wylie of PricewaterhouseCoopers was appointed to perform the audit on behalf of the Auditor-General.

Solicitor Simpson Grierson

Banker BNZ