



STATEMENT OF
CORPORATE INTENT

2022-26



Completed cable landing station and Avaroa House in Aroa, Rarotonga – April 2022.

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Foreword

PROFILE

Entity	Avaroa Cable Ltd
Address	Avaroa House, Aroa, Arorangi, Rarotonga, Cook Islands
Web address	www.avaroacable.com
Ownership	Crown Corporate Entity 50% Cook Islands Government Property Corporation 50% Cook Islands Investment Corporation
Formation	21 March 2017
Board Chair	Tatiana Burn
Deputy Chair	Miimetua Nimerota
Director	Richard Williams
Director	Teu Teulilo
Director	Martha Henry
Director	Robert Matheson
CEO	Mike Schwarz
Auditors	KPMG

Over the past 20 years, the internet has driven a global revolution in the way we live, work, play and learn. For many people, it is now difficult to remember how they ever lived before. Some countries have even defined internet access as a human right. It is clear that market forces alone were never going to deliver high-quality, reliable, resilient internet to the Cook Islands. Yet, through a visionary Trans-Polynesian collaboration, the Manatua Cable was conceived. Donor and development bank funding has played a key role in reality.

The Manatua Cable is at the heart of Avaroa Cable Limited's mission: Operate the Manatua One Polynesia cable sustainably for the benefit of the Cook Islands, ensuring high quality, efficient, reliable, and affordable service.

The Cook Islands was the first of the Polynesian nations that make up the Manatua Consortium to start using the cable with Vodafone Cook Islands entering into a multiyear capacity agreement in July 2020, this substantially increased the national internet capacity for the Cook Islands.

With the cable up and running the focus has been on completing the cable landing stations (completed March 2022) to provide a high degree of reliability and resilience as well as operational excellence - building high-quality processes and adopting robust preventative maintenance practices.

Our focus on excellence has resulted in Zero unplanned downtime on the service since going live.

With the construction of the cable, auxiliary facilities and associated activities now complete the next challenge for ACL, while maintaining a focus on excellence in everything we do, is moving forward on the other components of our mission; how we can maximize



the use of the cable and contribute to the telecommunications operating model and policy for the Cook Islands.

Our work plan sets out priorities in these areas in both the short and medium-term.

We would like to thank Dr. Ranulf Scarbrough, who has recently departed as Chief Executive Officer for the significant contribution he has made in realizing the vision to create the Manatua Cable and in the establishment of ACL.

ACL warmly welcomes incoming CEO Mike Schwarz to continue the excellent work started by Dr. Ranulf Scarbrough and ushering in a new phase of ACLs development.

The times ahead are undoubtedly exciting.

Ms. Tatiana Burn
Chair of the Board | Avaroa Cable Ltd

SCI PURPOSE

This Statement of Corporate Intent outlines the purpose for Avaroa Cable Limited (ACL), our mission, values and priorities, our journey so far, and strategic objectives for the next three years and beyond. It is a document for our stakeholders to understand what we have been doing, what we are going to do over the next three years, and what our priorities are.

ACL is required to provide an SCI to its shareholder under the Cook Islands Investment Corporation Act.



Hon. Minister of Telecommunications Patrick Arioka visiting the Rarotonga cable landing station with Ed Redman, Deputy Network Engineering Manager

AVAROA CABLE LTD TE APONGA NIUNI AVAROA

ACL is the Pacific's newest international fibre operator providing wholesale connectivity services in the Cook Islands. ACL is a Crown Corporate Entity of the Cook Islands Government. It manages the Cook Islands' involvement in the Manatua Cable project and its commercialisation as an international and domestic wholesale connectivity operator. ACL has been established, and the independent board which oversees it is appointed by, the Cook Islands Investment Corporation, which is the government body responsible for SOEs and CCEs. Its establishment has been funded by the Cook Islands Government, the New Zealand Aid Programme, and the Asian Development Bank

THE MANATUA – ONE POLYNESIA CABLE MANATUA CABLE - TE NIUNI MANATUA

The Manatua Cable fibre optic submarine cable is a 3,600km long two fibre pair system connecting Apia in Samoa, Niue, Rarotonga, and Aitutaki, Tahiti and Bora deployed in 2019-20. The cable is capable of operating at up to 10 terabits per second (= 10,000,000 megabits per second) on each fibre pair using state-of-the-art fibre optical communications technology, enough speed to download 300 high-definition movies every single second. The cable was ready for service in July 2020.



THE MANATUA CABLE SYSTEM



The ACL Story So Far

Tē tua tāpapa ō tē ACL

The Manatua Cable project started before the formation of ACL with the collective efforts of several government agencies, including the Cook Island Investment Corporation, Ministry of Financial and Economic Management and the Office of the Prime Minister, all involved in assisting with bringing the project to life.

Ongoing support has been provided to ACL from these agencies in particular from the Development Coordination Division of MFEM as the project to build the Manatua cable and set up ACL has progressed.

For ACL the years 2017 and 2018 saw a focus on putting into place the international agreements between the partner countries, confirming the funding for ACL's participation in the Manatua Consortium, participating in the core procurement and contracting exercise which resulted in the selection of US company SubCom LLC as the turn-key supplier

Each of the Manatua Consortium parties has been responsible for constructing its own Cable Landing Stations. In the case of ACL, this has meant one each in Rarotonga and Aitutaki. These were ready for system-wide testing in February 2020 following intensive work on procurement, construction, terrestrial cable laying, public consultation and environmental impact assessments, and negotiation with landowners.

The subsea cable system was provisionally accepted in July 2020 and fully operational and in commercial use in September 2020 with onward connectivity in place.

The focus for 2021 has been finalising outstanding activities within the Manatua Consortium and building the auxiliary facilities around the cable landing stations to improve resilience.

To support this work, ACL gradually grew its team to support project delivery and function as a cable operator and service provider.

In parallel, a focus on commercialising the cable, securing onward connectivity from Manatua to global internet hubs, and creating ACL's product set, has also been underway.



ACL Purpose, Mission & Values: Delivering for the Cook Islands

*'Akakoro'anga o tē Āponga Niuniu Avaroa,
Anoano e te Rito'anga: Kave'anga kī te Kūki Airani*

PURPOSE (WHY WE EXIST)

CONNECTIVITY FOR THE COOK ISLANDS

"Our purpose is to ensure the Cook Islands have access to world-class telecommunications services and the socio-economic opportunities that will be created."

ACL's purpose is to precipitate a transformation in telecommunication in the Cook Islands through the construction and operation of the Manatua One Polynesia Cable.

In the short term, this will secure affordable, fast, resilient, and reliable telecommunications in Aitutaki and Rarotonga. ACL's longer-term purpose is to play a leading role in ensuring the Cook Islands has access to world-class telecommunications services and that people, businesses, government, and NGOs all maximise the opportunity the new connectivity presents.

ACL does not operate in a vacuum. It will achieve its purpose by working with:

- the Cook Islands Government
- the telecommunications regulator and the regulatory framework (including the Telecommunication Act 2019 and the Competition and Regulatory Authority Act 2019)
- new and existing players in the emerging telecommunications market in the Cook Islands and contributing to the overall operating model and policy for telecommunications
- businesses and citizens of the Cook Islands
- it's partners in the Manatua Consortium and more widely in the region

'AKAKORO'ANGA (TŌ MĀTOU TUMU'ANGA)

RĪPIRĪ'ANGA Ī TE KŪKI AIRANI

*Kō tō mātou 'akakoro'anga
kō te 'akapāpū kia rauka ī
te Kūki Airani tēta'ī tūranga
teitei nō tē ātuitui'anga
kārere ē tē 'anga i tēta'ī au
'ati'anga kimi puapinga nō te
katoatoa*

MISSION (WHAT WE DO)

OPERATE • MAXIMISE • CONTRIBUTE

To deliver on our purpose, ACL will:

- Operate the Manatua One Polynesia cable sustainably for the benefit of the Cook Islands, ensuring high quality, efficient, reliable, and affordable service.
- Manage the Manatua One Polynesia cable in such a way as to maximise the usage of the cable.
- Contribute to the telecommunications operating model and policy of the Cook Islands to maximise the socio-economic benefits presented by the cable.

ANOANO (EAA TĀ MĀTOU 'ANGA'ANGA)

TĀ'ANGA'ANGA • 'AKAMA'ATA • TAUTURU

Kia tupu tō mātou 'akakoro'anga, kārave te ACL i te

- *Tā'anga'anga meitaki ī tē Niuniu Manatua One Polynesia kia puāpinga te Kūki Airani, ē tē 'akapāpū'anga ī te tūranga teitei, apa-inga maru ē tē māmā o teia niuniu.*
- *'Akatere ī tē Niuniu Manatua One Polynesia nā roto ī tēta'ī au rāvenga kia 'akama'ata atu ī te tā'anga'anga'anga ī teia niuniu.*
- *Tauturu ī tē au 'akano'ono'anga 'ātuitui karere ē tē au kaveinga o te Kūki Airani kia 'akama'ata ī tē au rāvenga kimi puāpinga te ka nā roto mai ī tēia niuniu*



Hon. Minister of Telecommunications Patrick Arioka visiting the Rarotonga cable landing station with ACL Board Chair Tatiana Burn and ACL Engineering staff

VALUES (HOW WE DO IT)
AU RITO'ANGA ('AKAPĒ'EA MĀTOU Ī TĒ RAVE'ANGA)



EXCELLENCE
Tūranga teitei rava

- We set and follow high standards
- We do things right the first time
- We focus on quality and reliability



INTEGRITY
Tiratiratu

- We have a strong sense of right and wrong and will always act ethically
- We will always do the right thing for our customers and the Cook Islands people



RELATIONSHIPS
Au piri'anga

- We will work in an open and collaborative manner
- We will build strong and lasting relationships



INNOVATION
'Anga ī tē au rāvenga ou

- We will keep learning and be adaptable, always open to new ideas
- We will add value through innovative processes and the smart use of technology
- We will foster a progressive, open, and creative work environment



THINK LONG TERM, THINK BIG
Ākara kī tē ara roa, kia pā kī te rangi

- We think about the long term in a constantly evolving industry (the Manatua Cable is a 25-year investment)
- We make decisions for the Cook Islands people striving to make a positive impact difference

Living our values will be achieved by investing in our people and recruiting and developing Cook Island talent.

How we behave and work with each other and in the community is important in delivering our purpose and mission.



Strategy *Ākara'anga 'anga'anga*

ACL's strategy is all about ACL's purpose and mission.

The core elements of the strategy focus on delivering the operating the cable ensuring high quality, efficient, reliable and affordable services and managing the cable to maximise the usage.

CORE STRATEGY

Wholesale-Only, Open Access, Non-discriminatory Operating Model

ACL will operate on a wholesale-only, open access, non-discriminatory basis in order to support the government's policy and legislation to liberalise telecommunications and deliver the benefits of competition. As a result, ACL will only sell to licensed operators, such as Vodafone Cook Islands. It will not compete with its customers.

Low pricing / Driving Bandwidth Growth

ACL will focus on keeping prices low and encouraging bandwidth growth, working in conjunction with the new regulator to support more affordable retail pricing. Importantly, this will not see the spend on telecommunication by individuals fall. Instead, that spend will secure substantially greater value and impact, and with the widening of adoption and participation.

Through this core strategy, ACL will deliver affordable, fast, resilient and reliable telecommunications in Aitutaki and Rarotonga.

Commercial

ACL is focused on creating commercial opportunities that will ensure an affordable and reliable service for the Cook Islands rather than looking to maximise profitability as a priority. ACL's primary impact will be through the economic growth and social enrichment that enhanced connectivity will enable.

Reliability and Resilience

The Manatua cable system, and ACL's cable landing stations, have already been engineered to the highest standards, and this will continue, in order to deliver high levels of reliability and resilience.

GROWTH STRATEGY

The growth strategy looks to build on the core strategy however with more of a focus on how ACL can manage the cable to maximise its usage and how ACL can contribute to the telecommunications operating model and policy to ensure that the social-economic benefits of the cable are realised

Maximise usage and bandwidth growth

ACL will work to increase the bandwidths available for integration into affordable retail services through creative pricing and product packaging. ACL will leverage fundamental cable economics principles and strategies to make the delivery of incremental capacity inexpensive to deliver and ACL will encourage its consumption by retailers

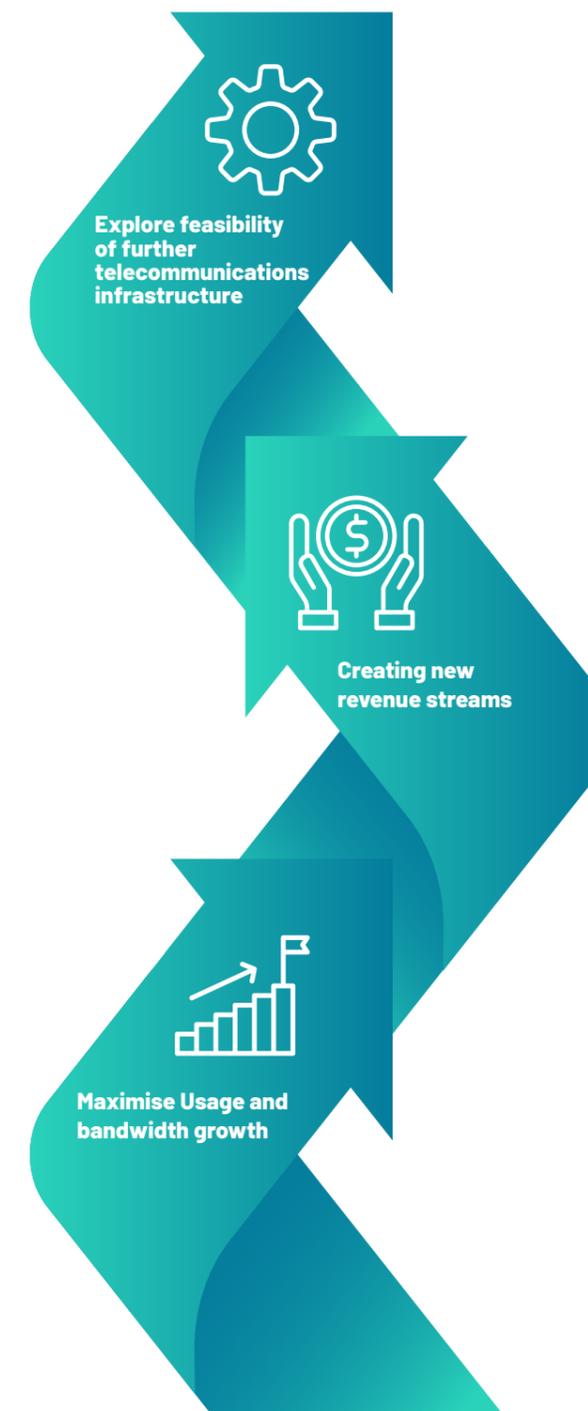
Creating new revenue streams

ACL will also explore new revenue streams, including supporting new market entrants with connectivity, providing value added services such as equipment hosting, management and supervision

Explore feasibility of further telecommunications infrastructure

ACL will also work to explore the feasibility of further telecommunications investments

This growth strategy is secondary to the core strategy and will be pursued over the next three to five years.



Operating Model *Tōna au rāvenga*



COMMERCIAL SUSTAINABILITY

ACL will need to be self-funding, covering operational costs and debt repayment from commercial revenue.



HIGH QUALITY ENGINEERING AND PROCESSES

ACL will focus on high quality engineering and processes, and continuous improvement of these systems.



INVESTING IN OUR PEOPLE

ACL will invest in the training and professional development of its engineers, managers, and leaders who will uphold the values and implement the strategies outlined in this SCI.



CORPORATE EXCELLENCE

ACL will be an organisation run to high standards of management, planning, operations, health and safety and corporate governance, focused on its customer and staff.



LEAN

ACL will focus on keeping operational costs low in order that the lowest possible connectivity pricing can be supported and passed on to retailers and end users

DIVIDEND POLICY

A key part of ACL's core strategy is focused on creating commercial opportunities that will ensure an affordable service for the Cook Islands rather than looking to maximise profitability as a priority.

ACL will continue to engage with its shareholder CIIC regarding its dividend policy. Issues to be considered in conjunction with a

dividend policy include:

1. Debt repayment requirements
2. Creating a contingency fund to repair any cable break without undue delay
3. Creating a fund to assist with the cable replacement which will come to its end of life in 2045.



Cable ship SubCom Reliance pictured off Rutaki passage while landing Manatua's Rarotonga branch cable - January 2020.

ACL People & Structure

Tē au tangata ē tē rārā ō tē ACL



TATIANA BURN | CHAIR

Tatiana has extensive experience in private and public sectors in the Cook Islands. Tatiana has over 20 years commercial experience as the Director of Cook Islands Printing Services Ltd, Perfumes of Rarotonga Ltd, COTA Holdings Ltd. Tatiana's public sector roles include Board Director of the Cook Islands National Superannuation Fund and former Chair of the Cook Islands Price Tribunal. She is also Board Director of the Cook Islands Chamber of Commerce and has a Masters of Business Administration degree from University of the South Pacific.



MIIMETUA NIMEROTA | DEPUTY CHAIR

Mii is the Director of the Centre of Excellence in IT with the University of the South Pacific Cook Islands Campus. Mii has a Masters Degree in Information Systems, accredited to the Australian Computer Society, a Post Graduate Certificate in Tertiary Teaching, and a Bachelor of Arts majoring in Information Systems and Management & Public Administration from the University of the South Pacific. Mii is an Information Systems Analyst with 10 years' experience in Public Policy, Planning, Information Systems, and education.



TEU TEULILO | CHAIR AUDIT COMMITTEE

Teu is the Director of Treasury at the Ministry of Finance and Economic Management (MFEM) and a director of Project Five Ltd, a private company who provide digital solutions, consultancy and accounting services.

Teu has a Bachelor of Arts majoring in Accounting and Management and is a Chartered Accountant.



RICHARD WILLIAMS | DIRECTOR

Richard has a Higher National Diploma in Telecoms Engineering (UK).

Richard is a Senior Account Manager at Ericsson New Zealand.

Richard has extensive experience in providing infrastructure and solutions for telecommunications across the world.



ROBERT MATHESON | DIRECTOR

Robert is the Chief Information Officer at the Bank of the Cook Islands (BCI).

Robert has a Masters in Digital Business (Waikato University) with undergrad degrees in Science (Physics) and Education.

Robert has over 20 years' experience in the Technology Sector leading teams at both operational and strategic levels with a recent focus on digital transformation.



MARTHA HENRY | DIRECTOR

Martha is a Board member of the Financial Supervisory Commission. Martha has a Bachelor of Laws and Professional Diploma in Legal Practice and a Masters in International Law from the University of Sydney in Australia.

She operates her own legal practice known as Henry Law PC and provides advice and representation on matters such as land, family law, employment, and conveyancing.

ORGANISATIONAL STRUCTURE



COOK ISLANDS
GOVERNMENT



COOK ISLANDS
INVESTMENT CORPORATION



AVAROA CABLE LTD
BOARD



CHIEF EXECUTIVE
OFFICER



ENGINEERING
OPERATIONS



FINANCE



BUSINESS
OPERATIONS



MIKE SCHWARZ CHIEF EXECUTIVE OFFICER

Mike has extensive experience in the New Zealand telecommunications industry supporting/operating mobile, internet service provider, datacentre, satellite systems, digital mobile radio, operations /business support systems, multiprotocol label switching networks with 15 years managing the Southern Cross Cable Network submarine cable system for domestic & International Wholesale, Corporate and Government customers.

Mike has a New Zealand Certificate in Engineering from the Auckland University of Technology and a post-graduate Diploma in Business Management from the University of Waikato.



CIIC Board Chair Michael Henry, CIIC CEO Allan Jensen and Te Mana Uira o Araura General Manager Rimarora (Long) Tuiravakai visit the completed Aitutaki cable landing station with ACL Engineering staff - March 2022.

Alignment with the Cook Islands National Vision

'Akatano kī tē Ōrama ō tē Īpukareā

In 2007 the Cook Islands launched the country's 2020 visionary framework, Te Kaveinga Nui. This document articulated the national vision and the development outcomes desired by the Cook Islands people. The framework and guide to national development has undergone a number of refinements since that point, culminating in the adoption of the National Sustainable Development Agenda 2020+ (NSDA2020+) in December 2021.

The NSDA2020+ is the national blueprint towards a 100-year vision to achieve Turanga Meitaki – or wellbeing – and provides the guidance for sustainable development in the Cook Islands. ACL believes that it can contribute to a number of areas specified in Te Kaveinga Iti – the 5 years 'score card' of indicators to assess progress on shorter-term targets for wellbeing. ACL's purpose and mission will assist in achieving specific outcomes under Goal 6: Connecting our Nation through Infrastructure, Transport and ICT.

Quality ICT infrastructure, internet and telecommunications services are key to the functioning of a progressive and modern nation. ACL's work contributes to achieving

Turanga Meitaki by:

- Providing access to information and learning
- Helping deliver services in new ways
- Operating infrastructure using smart technology
- Reducing carbon intensive travel through high fidelity conferencing and collaboration
- Diversifying and increasing productivity of the economy
- Better linking Cook Islanders at home and overseas with each other and the world

ACL also contributes to the Cook Islands Economic Development Strategy 2030.

Objective 2 of the Strategy relates to 'transforming our economy' to become more complex and diverse. The Manatua Cable is an important component in this planned transformation, and ACL's role is to enable the delivery of reliable, high-capacity bandwidth by retailers to Cook Islands consumers at affordable prices.

Alignment with Cook Island Investment Corporation

'Akatano kī tē Cook Islands Investment Corporation

ACL's Vision and Mission aligns with, and contributes to, that of CIIC which is:

"Fit for Purpose, transformational public assets that deliver, serve and improve the wellbeing of the Cook Islands people, in harmony with our culture and environment"

ACL does and will continue to work closely with the State-Owned Entities (SOE's) and Crown Corporate Entities (CCE's) across the CIIC Group as appropriate and is an active member of the CIIC Group CEO Forum.



Goal 6. Connecting our Nation through Infrastructure, Transport and ICT

Connecting our nation and people

Indicator 6.1 *Connectivity index.*

- Broadband connectivity – % of average monthly income spent on broadband
- Mobile connectivity
- Radio access
- Television access
- Satellite/emergency phone access

Build reliable and appropriate infrastructure

Indicator 6.2 *Percentage of national infrastructure that are fit for purpose. Target of 75%.*

This indicator aims to measure the delivery of basic acceptable infrastructure and public buildings to all our people. After fifty years of self-governance, we have improved much of our public infrastructure including airports, ports, roads, water, sanitation, and buildings. However, with our diverse and ambitious development aspirations, we must ensure that our infrastructure is fit for purpose meaning resilient and built to meet our environmental, economic, and social needs.

Promote regular and reliable transport

Indicator 6.3 *Transport connectivity index.*

This indicator assesses the frequency and affordability of domestic air and shipping services against benchmarked standards. We aspire to improve transport services between our islands to ensure that all people in the Cook Islands have adequate and reliable transport via shipping and air links. These links are crucial to enhance the economic viability of the Pa Enua and connect our Cook Islands community.

Access to information

Indicator 6.4 *Access to official government data and information*

This indicator looks at access to published information across government. An e-portal has been mooted and progression on this will need to be monitored. Access to information by people is important in ensuring an informed public and also access to justice.

Target: 100% official publications accessible digitally.

A physically connected nation

Indicator 6.5 *National infrastructure completed and maintained – air and sea ports, roads, bridges and drainage, telecommunications cable.*

This indicator looks at physical access through infrastructure. This access enables people to access different services which is crucial to development. Completed means that it was finished within the project timeframe.



Work Plan for 2022/23

Au Parāni 'anga'anga nō tē mataiti 2022/23



ACL Systems Engineer Tania Aperu conducting checks in the cable landing station in Rarotonga.

ACL is now a fully-fledged commercial network operator providing wholesale connectivity services in the Cook Islands via the Mantua One Polynesia Cable.

For 2022/23 the focus will be on:

- Working with stakeholders including our parent company CIIC, to maximise the capacity usage of the cable, including understanding how we can assist new entrants into the market
- Continuing to work with our partners in the Manatua Consortium to ensure all parties are aligned on the key issues in the maintenance and operations of the cable
- Develop and implement a strategy for funding the cable replacement in 2045
- Develop and implement a strategy for managing the foreign currency exposure of ACL

These are significant issues for both ACL and the Cook Islands and will require ACL to work in collaboration with a range of stakeholders.

The team will continue to:

- Work with its partners in the Manatua Cable Consortium in the management and operation of the cable, as well as the providers of onward connectivity
- Meet its obligations under the telecommunications legislation and work with the regulator
- Focus on operational excellence, meet the company's key performance targets and fine-tune operational processes
- Ensure that appropriate cyber security is maintained

In the medium-term ACL's focus will also include:

- Defining how ACL's can contribute to telecommunications infrastructure within the Cook Islands.
- Identifying what other opportunities exist to grow revenue and the overall ACL business, including providing hosting services.

Corporate Social Responsibility

Tūranga Tauturu kī tē katoatoa

ACL aims to support and contribute to social programmes by actively engaging in the Cook Islands community. ACL will therefore explore opportunities where increased access

to connectivity would be of benefit to driving positive outcomes especially in the Education sector.

Goals and Key Performance Indicators

Au umu'umu'anga e tōna 'akairo 'anga'anga

The following are ACL's key goals and how they will be measured:

Goal	KPI
Growing internet usage *	<ul style="list-style-type: none"> Cook Islands bandwidth per user in top quartile regionally Cook Islands wholesale connectivity prices in the top quartile of affordability regionally Increased take-up rate of the internet in the Cook Islands
Commercial sustainability: ACL aims to be self-funding, covering all operating costs and debt repayment from customer revenue	<ul style="list-style-type: none"> Profitability and cash flow targets are met
High-quality engineering and processes: ACL focuses on high-quality engineering and processes, and continuously works to improve these as part of our focus on reliability and resilience.	<ul style="list-style-type: none"> 99.995% operational uptime (excluding planned outages) Up time maintained through all extreme weather events Maintains operating license
Corporate excellence: ACL has high standards of corporate governance, management, operations, health & safety.	<ul style="list-style-type: none"> Health and safety - no major accidents All obligations under the telecommunications legislation are met An unqualified audit opinion All external stakeholder timelines are met
Lean: ACL focuses on keeping operational costs low to ensure that the lowest possible connectivity pricing can be supported and passed on to retailers and end-users	<ul style="list-style-type: none"> Cost budgets are not exceeded

* ACL is in the process of establishing how that data can be compiled to measure the KPIs for growing internet usage.

Risk Management

Ākara matatio i tē au tai'i te kā tupu

There are risks to achieving ACL's corporate intent. Risks are carefully tracked by ACL's internal risk management processes.

- o The risk weighted possible financial impact, after mitigation, on ACL
- o The owner of the risk

ACL's risk management process includes:

Maintaining a Risk Register

ACL maintain a risk register that records the following information; :

- o The proximity and rating the likelihood and impact of that risk
- o The mitigation strategies that have been identified and the status of these
- o What success looks like

Risk Review

- o ACL management reviews and updates the risk register monthly, while the ACL Board reviews the risk register at each Board meeting. A quarterly report is provided to our Shareholder (CIIC) of the key risks, the details of each risk and key mitigation strategies as required by the Cook Island Investment Corporation Act.



Edwin Utanga (Network Engineering Manager), Tania Apera (Systems Engineer) and Ed Redman (Deputy Network Engineering Manager) standing in front of the Network Operating Centre.

The following is a high-level summary of the largest risk areas:

Competition/New Technologies

While ACL is confident that it can be competitive against current satellite technology and pricing, there is a risk that prices may fall, either with the current platform or with a next-generation service, including low earth orbit satellite constellations (i.e., Star link, OneWeb)

Catastrophic event

Catastrophic events such as cyclones are a threat to ACL and the ongoing operation of the Manatua cable. While the system has been engineered to withstand the most severe events the outcome of such events by their very nature are unknown.

Consortium Cohesion

ACL is co-dependant on its consortium partners to co-fund and operate the Manatua cable to high standards. There are risks that some partners may have different priorities to ACL which results in different expectations in the maintenance and operations of the cable. This will require close monitoring.

Onward connectivity

Securing and operating affordable and high-quality onward connectivity for ACL is critical to the quality of the service ACL can offer and this will need to be carefully managed.

Operational Performance

ACL has a small team which can create issues with succession planning, talent management staff scheduling etc. Skills and experience are challenging to source and nurture therefore this is a risk and a focus for ACL.

New Market Entrants

With a purpose of realising the benefits for the Cook Islands of the investment in the Manatua cable this may be limited if credible new entrants in the telecommunications market fail to materialise.

COVID-19 Pandemic

The COVID-19 global pandemic continues to present a number of risks to ACL. Impact of the virus on staff; economic impact affecting potential revenues; logistical difficulties associated with lockdowns and border closures. This is a global issue where little can be done other than monitor the risks and developing mitigations as issues occur.

Financials *Tē Moni*

ACL operates in a highly competitive market; therefore, financial information is not included in this Statement of Corporate Intent as they are commercially sensitive but are made available to our shareholder CIIC.

The establishment of ACL is funded with NZ\$15m of grant funding from the New Zealand Aid Programme, a US\$15m low-cost development loan from the Asian Development Bank secured by the Government of the Cook Islands, and a further direct government appropriation.

ACL's operational costs primarily comprise staff company operations; contributions to the running costs of the Manatua Cable as defined in the Mantua Consortium Construction and Maintenance Agreement; costs for running the cable landing stations in Rarotonga and Aitutaki; costs of onward connectivity from the Manatua cable to IP Transit; and debt repayment to ADB.

As bandwidths increase, cable costs grow slowly compared to much steeper cost growth for satellite alternatives. Forward bandwidth consumption models indicate that ACL will be able to offer significant price declines on unit bandwidth costs over time. This will both ensure that the cable out-compete satellite alternatives and that ever low prices and ever faster speeds can be delivered to end users, under pinning a transformation in telecommunications in Rarotonga and Aitutaki. Future years are therefore expected to see bandwidth growth and continuing commercial sustainability for ACL.

ACL focus will be on minimising pricing to influence end users' affordability and embedding commercial sustainability. The nation will see its primary dividend in terms of business growth, social development, greater opportunities and streamlined government

ACL focus will be on **minimising pricing to influence end users' affordability** and embedding commercial sustainability.

services enabled by cable connectivity. Creating a cable replacement fund will also be a key focus of the financial strategy for ACL. Therefore, no financial dividends are anticipated in the medium term. This will be kept under review by ACL's Board in conjunction with CIIC.

ACL is focused on creating commercial opportunities that will ensure an affordable and reliable service for the Cook Islands rather than looking to maximise profitability as a priority. ACL's primary impact will be through the economic growth and social enrichment that enhanced connectivity will enable

As ACL's core strategy of cable commercialisation beds down, ACL will gradually shift focus to its growth strategy, outlined elsewhere in this document. It is too early in ACL's evolution to quantify the financial trajectory of ACL's growth strategy

Appendix 1: The Manatua Cable Consortium



The Manatua Cable Project is the consummation of this historic achievement as a physical articulation of regional cooperation by the Polynesian nations and leaders

Ko tē Niuniu Manatua
kō tē akakite'anga
teia i tē puāpinga tikai
tei rauka mei roto i tē
tā'okotai'anga o tē au
Arataki o tē au Pa enua
Porinētia

The Manatua cable consortium was formed following the signing of an International Treaty in November 2018 between the governments of the Cook Islands, Niue, Samoa and French Polynesia.

Signed by the Prime Ministers of the four nations, the treaty established the consortium to build and operate the Manatua cable.

This ground-breaking collaboration was the first of its kind in the Pacific and enabled the four nations to achieve, through collaboration, a system that none of the countries could realistically afford alone.

The consortium comprises Avaroa Cable Ltd for the Cook Islands, Niue Telecom for Niue, the Samoa Submarine Cable Company and

Office de Poste et Telecommunications for French Polynesia (see box). It is the first consortium of its type anywhere in the Pacific.

The consortium is underpinned by a Construction and Maintenance Agreement which sets out how the collaboration to build the cable will work, how the cable will be operated, how costs will be allocated between the parties, how connectivity resources will be allocated and how associated revenues will be shared.

The consortium agreement runs for 25 years, the operating life of the cable. While the consortium approach makes the Manatua Cable project financially feasible, it does add a significant degree of complexity.



OFFICE DES POSTES ET TELECOMMUNICATIONS

www.opt.pf

Office des Postes et Telecommunications Group of French Polynesia (OPT) is a state-owned enterprise providing telecommunication service throughout French Polynesia. It has three main divisions. ONATI operates and delivers fixed line infrastructure and services as an ISP and mobile operator. Tahiti Nui Telecoms is the international division operating satellite and teleport infrastructure, the Honotua cable between French Polynesia and Hawaii, and data centres and associated IT services including computer sales. Fare Rata provides postal and banking services.



SAMOA SUBMARINE CABLE COMPANY

www.sccsamoa.com

The Samoa Submarine Cable Company (SSCC) built and operates the Tui-Samoa submarine cable between Apia, Samoa and Suva, Fiji with spurs to Savaii and Wallis & Futuna. SSCC also provides cable landing party arrangements for other regional and trans-pacific international cable systems. SSCC is a private company. Its shareholders are Bluesky Samoa, Digicel, CSL, the Samoan Life Assurance Corp, the Samoan National Provident Fund, Unit Trust of Samoa.



TELECOM NIUE

www.telecomniue.com

Telecom Niue (TNL) is a state-owned enterprise. It is the predominant telecommunications provider in Niue and manages Niue's involvement in the Manatua Cable Project. TNL is overseen by an independent board. It provides retail telecommunication services in Niue including for government use, and maritime and civil aviation radio services. TNL's funding for its involvement in the Manatua Cable comes from the Government of Niue and the New Zealand Aid Programme. Manatua will be the first submarine cable connection for Niue.



ASIAN DEVELOPMENT BANK

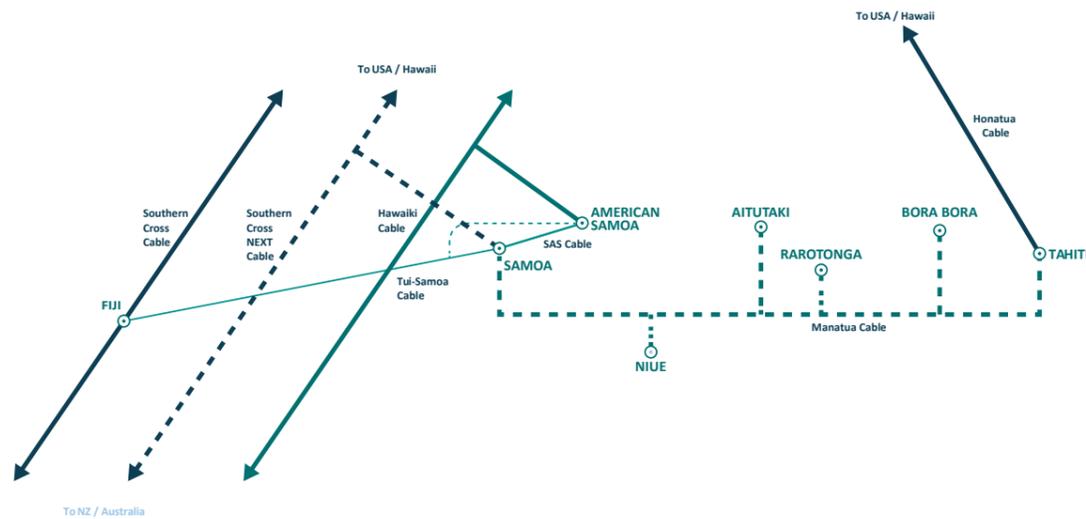
ACL'S FUNDING PARTNERS

The Cook Island's involvement in the Manatua Cable project and the establishment of Avaroa Cable Limited has been funded by the Government of the Cook Islands, who have been supported with NZ\$15m of grant funding from the New Zealand Aid Programme (www.mfat.govt.nz/aid-and-development) and US\$15m of development loan funding from the Asian Development Bank (www.adb.org). ACL's ongoing operational costs and debt repayments will be met from ACL's revenue from sales of telecommunication and related services.

Appendix 2: Onward Connectivity (to be updated)

ACL ONWARD CONNECTIVITY

A key challenge for ACL in creating its product set for its retailer customers, has been the provision of 'onward connectivity' from the ends of the Manatua Cable to the global internet, also called IP Transit. This connectivity is a key factor for creating affordable, high performance and relevant products for retailer customers. The diagram indicates some of the available options



Appendix 3: Accounting policies

Avaroa Cable Limited is a company registered in the Cook Islands. The financial statements have been presented under the Companies Act 1970.

Avaroa Cable Limited was incorporated on the 21st of March 2017 and is owned 50% by the Cook Islands Investment Corporation and 50% by the Cook Islands Government Property Corporation. Avaroa Cable Limited ultimately is owned by the Cook Islands Investment Corporation, which is governed under the Cook Islands Investment Corporation Act 1998.

The financial statements have been prepared in accordance with New Zealand (NZ) Generally Accepted Accounting Principles (GAAP). They comply with NZ equivalents to International Reporting Standards applying Reduced Disclosure Regime (NZIFRS RDR) applicable for Tier 2 for profit entities. The company qualifies for NZIFRS RDR as it is not publicly accountable as defined by the International Accounting Standards Board (IASB) and is not large.

The financial statements have been prepared on a going concern basis. The financial statements are presented in New Zealand dollars,

which is the functional and reporting currency of the company, and all values are rounded to the nearest thousand (\$000).

The general accounting policies recognised as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed in the preparation of the financial statements.

The Company's financial statements are prepared in accordance with NZIFRS RDR. However, there are critical accounting treatments which include complex or subjective judgments and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements 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.

Further detail in respect of the accounting policies for the company is set out the Annual Financial Statements for the year ended 30 June 2021. No significant changes in accounting policies are envisaged.

Appendix 4: Glossary

ACL Avaroa Cable Limited

ADB Asian Development Bank

CEO Chief Executive Officer

CIIC Cook Islands Investment Corporation

CLS Cable Landing Station

CCE Crown Corporate Entity

MFAT New Zealand Ministry of Foreign Affairs and Trade

NDA Non-Disclosure Agreement

NSDP Cook Islands National Sustainable Development Plan

NZIFRS New Zealand International Finance Reporting Standards

NTL Niue Telecom Limited

OPT Office des Postes et Telecommunications

RFS Ready for Service

SOE State Owned Enterprise

SSCC Samoan Submarine Cable Company



AVAROA
CABLE LIMITED