

WAIPĀ NETWORKS

STATEMENT OF CORPORATE INTENT

2024

WAIPĀ 
NETWORKS



INTRODUCTION

We're proud to present this Statement of Corporate Intent, which outlines the priorities for the financial year ending 31 March 2025, and the two subsequent financial years ending 31 March 2026 and 2027.

Our Statement of Intent includes the information required by Section 39 of the Energy Companies Act 1992, along with other relevant matters agreed upon by the Company's Directors and the Shareholders.



NATURE AND SCOPE OF ACTIVITIES

The nature and scope of our activities is outlined below, any major diversification of activities into new business areas will be subject to consultation with shareholders:

- We provide a safe, reliable, and cost-effective electricity supply to our customers across the Waipā Networks region, including the urban centres of Cambridge, Te Awamutu and Kāwhia, and surrounding rural communities.
- We provide contracted services associated with the electricity industry and broader energy sector, including private electrical contracting and vegetation management both in and outside our network area.
- We scope and assess future investment opportunities that align with our strengths, strategy and business activities.



Photo credit:
Dean Taylor

WHO WE ARE

Waipā Networks is wholly owned by Waipā Networks Trust on behalf of local electricity customers.

Waipā Networks is one of 27 Electricity Distribution Businesses (EDBs) in New Zealand, including 19 which, like us, are either partially or fully consumer-owned.

We form a part of the critical chain within the electricity supply industry that transmits and distributes electricity and we're one of the fastest growing electricity distribution businesses in Aotearoa-New Zealand.



OUR PURPOSE

Together, we power our community's **SUCCESS**

OUR VALUES



Manākitanga

We treat our team and our customers the way they'd like to be treated.



Kotahitanga

We believe WE is greater than I. We play for the good of the team.



Tūturu

We speak our truth – doing what is right, not what is easy.



Excellence

We're accountable for our actions and we hold ourselves and each other to a high performance standard.



Challenge

We constantly strive to ensure the future success of our organisation and our communities.

OUR FOCUS

In the coming year, we will continue to focus our efforts on four key areas with an emphasis on improving business performance and establishing a strong foundation for network growth. Our focus areas remain: performance; community; growth and sustainability.

Our purpose and values will guide our work in each area.

More than anything else, we will be driven by our customers and our wider community.

- We will better *understand* our customers.
- We will better *enable* our customers.
- We will better *support* our customers.



PERFORMANCE

We're committed to providing a safe, reliable and cost-effective network.

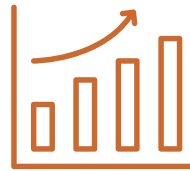
This means improving the efficiency of our business, increased investment in our network and continuing to strengthen our safety culture.

The health, safety and wellbeing of our staff and community remains a key priority. We will focus on managing those critical risks that have the greatest potential to cause harm, while providing our staff with the leadership skills and tools to keep themselves and others safe.

Our investment in core IT systems and technology will continue, focusing on systems that will support our network operation into the future while improving customer experience.

Over the next year we will continue to evolve the business into one that will support our region's decarbonisation journey through enabling electrification. We will grow both our capability and capacity to deliver large projects through investing in people, process, and new partnerships.

Our long-term plans must reflect the needs of our growing community and their increased dependence on electricity.



GROWTH

We're one of Aotearoa New Zealand's fastest growing electricity distribution businesses, and we anticipate continued growth over the next year.

Our commitment to building a network that will meet future demand is evident in this year's capital programme which is the largest in our history. This will continue to shape our future strategy and the services we deliver.

Key projects are focused on increasing network resilience, capacity and security of supply. We are working with Transpower to complete the construction of a new sub-station in early 2025 which will support Cambridge growth well into the future. In Te Awamutu we will continue a programme of replacing aging assets while we plan the future network architecture for the area.

As a customer-owned organisation, we will continue to explore new ways to benefit our community while growing the value of the business.



COMMUNITY

Customers and our communities are at the very heart of our business.

As Aotearoa New Zealand moves toward a zero-carbon future, it is important that all parts of our community benefit from this energy transition.

Our future network will be shaped by our customers and it is vital we engage with all of them to ensure we make sound investment decisions. To achieve this we will actively build stronger relationships across our communities – with social organisations, local businesses, mana whenua, key decision makers and sector partners.

Key partnerships with Cambridge Community House, Kainga Aroha and Ko Wai Au enable us to work with organisations that provide critical social services, while our partnerships with the Cambridge and Te Awamutu Chambers of Commerce help us to connect with our business community.

Our sponsorship programme will continue to support organisations, projects and activities in the community that focus on education, energy hardship, and sustainability.

We will also build on the success we achieved last year delivering over 500 in-home energy assessments – an initiative that provided an estimated annual energy savings of \$350,000. Additionally, we will continue to support those in energy hardship with winter warmer packages.



SUSTAINABILITY

We will continue our sustainability programme, acknowledging that this is a continuing journey.

Being sustainable means being socially responsible, acting ethically, respecting mana whenua and protecting the environment and communities we serve and live in.

Fuel consumption is our primary source of controllable emissions, so reducing this aspect of our environmental footprint is our top priority for the coming year.

This year we'll focus on reducing our environmental footprint while considering the social and cultural impacts of our actions. We'll establish benchmarks and targets to reduce water, waste and electricity consumption and develop a sustainability strategy that combines external stakeholder feedback with the findings of our environmental audit.

To achieve this, we'll implement a systematic improvement plan that embraces Te Ao Māori principles and integrates them into our business practices and culture.

By focusing on these areas we'll enhance our business resilience and promote social equity.



PERFORMANCE TARGETS

The following are the budgeted and projected performance targets for the next three years ending 31 March 2027. The financial projections have been prepared based on certain assumptions and are subject to changes in the economic

and regulatory environment in which the company operates and would be subject to further discussion with the Shareholder.

Key Performance Indicators	Measure	Target 2023/24	Provisional 2023/24	Target 2024/25	Target 2025/26	Target 2026/27
Financial						
Return on Total Assets	Profit before share of profit on sale of associate, finance costs and tax / Total Assets	3.67%	5.93%	4.47%	4.18%	5.11%
Return on Equity (after discounts)	Profit after tax / Shareholders Funds	3.42%	4.98%	4.27%	3.84%	5.04%
Ratio of Shareholders to Total Assets	Shareholders' funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves. Total Assets comprise all the recorded tangible and intangible assets of the Company at their current value	≥55%	78.82%	≥55%	≥55%	≥55%
EBITF \$	Earnings before interest income, finance cost, tax and financial adjustments for revaluation of investments.	\$9.24m	\$9.96m	\$9.50m	\$8.6m	\$12.12m
Distributions	Forecast Dividends to be paid to Shareholders	\$2,363k	\$2,363k	\$201k	\$150k	\$150k
	Forecast Discounts to be paid based on forecast volumes and posted discount prices	\$5.1m	\$5.1m	\$5.4m	\$5.6m	\$5.8m
Network Performance						
Reliability SAIDI – planned	Normalised Planned SAIDI minutes as per regulations	≤ 126.2	61.7	≤ 126.2	≤ 126.2	≤ 126.2
Reliability SAIDI – unplanned	Normalised Unplanned SAIDI minutes as per regulations	≤ 109.3	143.4	≤ 109.3	≤ 109.3	≤ 109.3
Reliability SAIFI – planned	Normalised Planned SAIFI minutes as per regulations	≤ 0.48	0.42	≤ 0.48	≤ 0.48	≤ 0.48
Reliability SAIFI – unplanned	Normalised Unplanned SAIFI minutes as per regulations	≤ 1.73	1.55	≤ 1.73	≤ 1.73	≤ 1.73



Key Performance Indicators	Measure	Target 2023/24	Provisional 2023/24	Target 2024/25	Target 2025/26	Target 2026/27
Customer, Community and Environment						
Sustainability: Community	Community projects implemented to help alleviate energy hardship and provide education on the efficient use of electricity	Complete a minimum of 500 energy assessments	501 energy assessments completed	Deliver four Waipā Networks-led business forum events. Delivery of community engagement and schools' day at the Annual Connection Competition event. Deliver Winter Warmer Packs to support minimum of 300 people.	TBA	TBA
Sustainability: Environmental	Environmental projects to raise our environmental awareness and actively reduce our environmental footprint	A environmental audit and improvement plan completed	Desktop emissions audit completed	10% reduction in controllable emissions	TBA	TBA
Sustainability: Cultural	We are embracing Māoritanga and building relationships with mana whenua	Iwi engagement plan developed	Iwi engagement framework drafted	Energy resilience programme completed with five on network marae	TBA	TBA
Customer Satisfaction	We will improve our customer satisfaction results	62%	63%	63%	67%	72%
People						
No serious harm injuries	We will investigate the cause of any injury to mitigate or eliminate future risk	0	0	0	0	0
TRIFR rate	Total Reportable Injury Frequency Rate is declining	<5.0	17.2	<10	<5.0	<5.0

POLICIES AND COMPLIANCE

Ratio of shareholder funds to total assets

To provide us with the capacity to grow and enhance value to our shareholders, whilst maintaining an efficient capital structure that minimises risk, we will maintain the ratio of consolidated shareholders' funds to total assets for each year at not less than fifty-five per cent (55%). Shareholders'

funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves. Our total assets will comprise all the recorded tangible and intangible assets of the organisation at their current value as defined in the statement of accounting policies.

Dividends

The policy on apportioning net profits to be distributed to shareholders will be determined by the Board of Directors from time to time in accordance with future results and

considering circumstances, particularly future capital requirements. No dividend payment will be made without the approval of the Trust (shareholders).

Discounts

Customers will continue to receive a discount on their line charges during the year to 31 March 2025. The level of discount is forecast to be approximately \$5.3M in 2024/25. In prior years the discount has included the loss rental rebates received from Transpower but from 1 April 2023

the loss rental rebates are required to be distributed to the retailer as opposed to the connected customer. Actual discounts will vary as these are calculated based on the posted discount rate per tariff.

Information to be provided to shareholders

Within three months after the end of the first half of each financial year the directors will deliver an unaudited half-yearly report to the shareholders.

This will consist of:

1. A statement of financial position.
2. A statement of financial performance.
3. A statement of cash flows.
4. A report on activities.

Within three months after the end of each financial year Directors will deliver to shareholders an annual report and audited financial statements which will consist of:

- A Directors' report including:
 1. A review of operations;
 - a. Measurement of performance in relation to objectives;
 - b. Recommendation in respect of dividend.
 - c. A statement of financial position.
 2. A statement of financial performance.
 3. A statement of cash flows.
- The Auditor's report on the above statements which shall include an audit of the measurement of performance in relation to objectives.

Further information

We will provide such additional information or reports to the Waipā Networks Trust as it may require to properly undertake its duties and to act as a diligent trustee shareholder as prescribed in the Trust Deed, acting collectively in the best interests of the Trust Fund and of the consumers as beneficiaries.

Accounting policies

Our accounting policies are consistent with generally accepted accounting practice ('GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable financial reporting standards.

Waipā Networks Limited is a for profit company for the purposes of complying with GAAP.

Our financial statements are prepared in accordance with the requirements of the Companies Act 1993 and Energy Companies Act 1992.

Procedures for the subscription, acquisition and disposal of shares

Directors will consider the subscription for, or acquisition of, shares, in any company only where it is consistent with the long-term commercial objectives of Waipā Networks.

If in the opinion of the directors the subscription or acquisition of shares, or assets in new business ventures or subsidiary companies, is considered significant to the company's level of operations it would be subject to consultation with the shareholders.

Waipā Networks Growth Limited

Following the sale of UltraFast Fibre Limited in 2021, the Company invested the sale proceeds into a diversified investment portfolio with external fund managers.

In 2023 we established a new, wholly owned subsidiary company, Waipā Networks Growth Limited, to provide a separate structure to ring fence, manage and grow the investment portfolio ("Growth Fund").

The purpose of the Growth Fund is to:

- Support investment in Waipā Networks future network (either directly via loans or by investing in an adjacent activity to support the network),
- Enable community opportunities (either by addressing an unserved community need and/or unlocking regional growth), and
- Preserve the value of the capital to support the network in the event of a 'black swan' event.

Any investment made from the Growth Fund is expected to make an appropriate commercial return.







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