

This Newsletter contains extracts of the 2017 Chairman's Report and the 2017/18 Annual Plan. A copy of the full documents can be obtained from our website www.waipanetworkstrust.co.nz or by contacting the Secretary on (021) 217 0655.

Waipa Networks Trust

The Trust holds on your behalf 7.2 million shares in Waipa Networks Limited.

Trustees of the Waipa Networks Trust

The Trustees of Waipa Networks Trust at 31 March 2017 were Craig Sanders (Chairman), Andrew Bateman (Deputy Chairman), Judy Bannon, and Barbara Taranaki (QSM, JP).

A by-election was scheduled to fill the two vacant Trustee positions in April 2017.

The last triennial Election of Trustees took place in 2015. The next Election of Trustees is scheduled to take place in 2018.

Annual Plan 2016/2017

The Trust met all its objectives concerning accountability to its Beneficiaries and financial forecasts outlined in the Annual Plan for the 2016/17 year.

Financial Review of the Trust

The book value of the 7.2 million shares held by the Trustees at 31 March 2017 based on the shareholders funds value in the Financial Statements of Waipa Networks Ltd was \$122,360,743 (2016 \$107,458,397).

The movement in the Trust's cash flows over the year has been as follows:

	2016-2017 Actuals \$	2017-2018 Estimates \$
Cash Flows from Operating Activities		
Interest Received	112,721	105,840
General Operating expenditure	(141,216)	(169,878)
Trustee Election	(40,000)	(7,098)
Director Recruitment	(4,756)	(6,232)
	<u>(73,251)</u>	<u>(77,368)</u>
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(1,699)	0
	<u>(1,699)</u>	<u>0</u>
Cash & cash equivalents 1 April	3,382,023	3,307,073
Net Increase / (Decrease) in Cash Held	(74,950)	(77,368)
Cash & cash equivalents 31 March	<u>3,307,073</u>	<u>3,229,705</u>

Dividend

The Trust's operation costs continue to be funded from investment earnings and reserves, with no dividend being sought from its wholly owned company Waipa Networks Ltd.

Objectives for the year

- 1) To see that Waipa Networks Limited adheres to its intentions and objectives as outlined in the Statement of Corporate Intent.
- 2) To keep Beneficiaries well informed on the activities of the Trust.

COMPANY PERFORMANCE 2016/17

Directors of Waipa Networks Ltd

During the year we experienced the sad loss of the Company Chairman, Richard Kadziolka.

Diane Reed was appointed interim Chair and subsequently permanent Chair in July 2016.

Diane Reed & Keith Goodall were required to retire by rotation at the 2016 Annual General Meeting of the Company. The Trustees re-appointed them for a further term.

The Directors of Waipa Networks Limited at 31 March 2017 were Diane Reed (Chair), Richard Francis (Deputy Chairman), Keith Goodall, Bob Western, and Jeff Williams.

Special Discounts

The Trust, through the Statement of Corporate Intent, agreed to the Company introducing a discount/rebate regime commencing on 1 April 2001.

In the financial year ended 31 March 2017 the Company granted special discounts amounting to \$4,354,669 to Connected Consumers. Special discounts for the sixteen year period 1 April 2001 to 31 March 2017 amount to \$66,519,574.

Second Supply Line to Te Awamutu

The new Hanganui – Te Awamutu 110kV line was completed on time and within budget.

As anticipated Transpower immediately scheduled substantial maintenance work on the Karapiro – Te Awamutu line requiring an 8 day outage.

(Extract from Waipa Networks Ltd, 2017 Annual Report.)

Performance Measures of Waipa Networks Ltd

The performance of the business for the year ended 31 March 2017 is as follows:

Financial performance indicators	Target	Actual
Profit before interest expense and tax as a percentage of total assets	5.20%	9.12%
Profit after tax as a percentage of equity	4.60%	12.97%
Equity as a percentage of total assets	60.00%	59.83%
Efficiency performance measures		
Maintenance costs per electricity customer	\$160	\$165
Operational expenditure per electricity customer	\$90	\$85
Energy delivery efficiency performance measures		
Loss ratio	6.50%	5.45%
Network reliability performance measures		
Faults per 100km lines (11kV)	10.8	11.5
SAIDI (minutes per customer)	215	204
SAIFI (interruptions per customer)	2.29	1.86
Staff Safety		
Lost time work accidents per 100 employees*	0.0	8.8
Hours lost compared to hours worked per annum	0.00%	1.15%
Total hours lost per annum	0	1,206

Acknowledgements

This year the Trust had two vacant Trustee positions due to the sad passing of Trustee Carl Rist in June 2016 and the resignation of Rachel Tremewan in December 2016. The Trust held a by-election in April 2017 and we welcomed the successful candidates to the Trust. We wish to provide a warm welcome to Joe Scaramuzza and welcome back to Ashley Reid who both have a wealth of experience that they are bringing to the Trust.

The Company financial performance continues to be strong and once again, we have managed to maintain our position amongst the lowest lines charges in the country. Once again, the Trust would like to recognise the ongoing effort of the Company Board and Staff.

Significant achievements of the Company this year included the completion of the second line into Te Awamutu, the increase of their investment in Waikato Networks Ltd and installation of the regions first electric car charging stations in Te Awamutu and Cambridge.

Rapid advancements in technology, such as, Solar Panels, battery storage and electric vehicles are bringing new challenges to the industry. We are very lucky to be living in such a prosperous region with high growth continuing now and in the future, however both the Company and Trust are not being complacent and have been strategically planning for the technology changes and embracing changes to our business model.

The Trust has continued to use our website www.waipanetworkstrust.co.nz to improve the availability of information.

On behalf of the Trustees, I would like to thank Crowe Horwath for the use of their meeting rooms and Sarah for another year of dedication to the Secretary/Treasurer role. Thank you to my fellow trustees for the privilege of being their Chairman.

We look forward to continue to work positively on behalf of you, our beneficiaries.

**CRAIG SANDERS
CHAIRMAN
WAIPA NETWORKS TRUST**



**PO Box 34
TE AWAMUTU**

Notice of Public Annual Meeting of Beneficiaries

Availability of the 2017 Chairman's Annual Report, Financial Statements, 2017-18 Annual Plan, and Waipa Networks Ltd Statement of Corporate Intent.

I hereby give notice that on Friday the 25th of August 2017, commencing at 11.00am, a Public Annual Meeting of Beneficiaries (Connected Consumers) will be held at Crowe Horwath, 411 Greenhill Drive, Te Awamutu.

At the meeting the Trustees will report on:

- The operation of Waipa Networks Trust for the year ended 31 March 2017.
- The Financial Statements of Waipa Networks Trust for the year ended 31 March 2017.
- The performance of Waipa Networks Limited for the year ended 31 March 2017.
- The compliance of Waipa Networks Limited with its Statement of Corporate Intent for the year ended 31 March 2017.
- The Annual Plan 2017/18 of Waipa Networks Trust.

At the meeting the Beneficiaries will be given the opportunity to:

- Appoint the Auditor for Waipa Networks Trust for the 2018 financial year.
- Speak on all matters being considered at the Annual Meeting.

Please note that the above named documents are available for public inspection on the Trust website or at the offices of Waipa Networks Limited at **240 Harrison Drive, Te Awamutu**. Alternatively, they can be obtained by contacting the Secretary on 021 217 0655.

SJ Davies, Secretary/Treasurer